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CZECHOSLOVAKIA

Multicandidate Election, Draft Law Discussed

240000125 Prague RUDE PRAVO in Czech
5 Apr 89 p 1

[RUDE PRAVO interview with Rudolf Rohlicek, CPCZ [Czechoslovak Communist Party] secretariat member and deputy chairman, CSSR National Front; date and place not given; first paragraph is RUDE PRAVO introduction]

[Text] 106 candidates nominated at the Okres level—Twenty candidates have applied for registration with local electoral commissions—In every district two to three candidates are running for representative—Experiences will be used in preparation of new election laws—Election law reforms will be presented for public discussion. The presidium of the Central Committee of the CSSR National Front took up preparations for by-elections to the National Assembly at its March 20 session. In this context, Rude Pravo and CTK [the Czechoslovak Press Office] requested an interview with Rudolf Rohlicek, member of the secretariat of the CC CPCZ and deputy chairman of the CC, CSSR National Front.

[RUDE PRAVO] Comrade Deputy Chairman, why will there be by-elections?

[Rohlicek] Not on account of anything out of the ordinary. As has already been reported in the press, nine representatives to the Federal Assembly requested to be relieved of their representative functions for a change in their working classification. In accordance with the electoral system in force, the presidium of the Federal Assembly therefore called by-elections in seven districts in the CSR and in two electoral districts in the SSR. The by-elections will take place 20 April 1989. In the context of our society's ongoing democratization, we want in these by-elections to exploit every opportunity which today's electoral laws provide and obtain experiences for the proposed changes in our electoral system. Understandably, these by-elections must proceed according to current laws, then we can try out only those elements which are in keeping with contemporary legal reform. Before the proceedings of the CC NF CSSR was a markedly wide selection of candidates, which organizations affiliated with the NF and workers' collectives proposed on the territory of the okreses. Fully 106 candidates were nominated at the okres level, from which the okres committees of the National Front selected twenty. Their candidacy was discussed in the presidium of the CC NF CSSR and on 21 March 1989 these candidates were registered with the district electoral commissions.

[RUDE PRAVO] In these elections certain new elements are to be tested. Which are they?

[Rohlicek] The most important new element—apart from the wide selection of candidates, of which I have already spoken—is the reality, that in every electoral district two to three candidates are competing for a seat in the Federal Assembly. I want to emphasize that all of these candidates are National Front candidates and therefore stand firmly for its positions. Voters may vote for the candidate they are convinced will best protect their interests. The candidate who gets a greater than half majority of votes cast in the elections will be elected, understandably with the condition, that a greater than half majority of voters listed in the election rolls take part in the elections. I would like to point out here, that it is not possible for both candidates to obtain a greater than half majority. In Czechoslovakia the equal election law applies, which means that every voter has one vote. If a voter submits an incorrect ballot, according to the law, his vote is given to the candidate first in sequence.

[RUDE PRAVO] How shall we facilitate the realization of these new elements?

[Rohlicek] Candidates are presented before pre-election meetings in their electoral districts and, as time allows, they participate in them personally. Given the large number of meetings, it is understandable that they will not be able to attend all of them. In accordance with the basic right to pre-election campaigning, each will receive equal space in the communications media in his district, Okres newspapers, factory magazines, local and factory radio, and the like. It is important that every voter be enabled to actually select among candidates. That demands that we provide a firm guarantee of a secret ballot, not only by providing screens behind which all voters will have the opportunity to fill out their ballots in private, but by encouraging voters to actually enforce their voting right. That means filling out their ballot so that it expresses their true will. It is important to stress the way this should be done, for example, the importance of crossing out (horizontally) the first and last names of the candidate or candidates for whom they are not voting.

[RUDE PRAVO] How is the voter to participate?

[Rohlicek] Primarily voters should take part in the pre-election meetings at which candidates will be presented. Here they will be able not only to become closely acquainted with the candidates and form an opinion of them, but to become acquainted with the proper way of marking their ballots and with the fulfilling of the election program.

[RUDE PRAVO] Allow us one more question in closing. You referred to the proposal currently being prepared for perfecting the system of general elections and a possible reform of the election laws. What sort of changes are being considered?

[Rohlicek] First of all I would like to say that at present the proposals are in the preparation stage. Many scientific laboratories and social organizations are taking part in their formulation. Information and experiences from abroad, especially from other socialist states, are being considered closely. We were given many ideas by watching the preparations for and conduct of the elections for the People's Deputies in the Soviet Union, where many new approaches to deepening socialist democracy were applied. These ideas, like the experiences from our by-elections, will be used in the preparation of new election laws. We evaluated the first proposals at the January session of the presidium of the Central Committee of the CSSR National Front, at which the members gave the authors many comments and suggestions. In the context of election law reforms, for example, the question of introducing multiple-seat electoral districts in which the number of candidates will exceed the number of seats is being considered. In this connection we are likewise considering the option that unelected candidates might become alternates, who would automatically assume the representative's place in the event his seat becomes vacant. That would be possible with the precondition that he receive a greater than half majority of all applicable votes which the new electoral system, in contrast with the present one, will permit. This would eliminate the need for by-elections. Also being considered: the possibility of extending to other constituencies the right to recommend candidates for representative, lowering the limit of the passive voting right to 18 for elections to the national committees, and similar. The goal of the changes under preparation is primarily the deepening of the democratic principles of general elections to the national committees and law-making bodies. The proposal for reforming the election laws will be presented to the citizens for public discussion, it will be revised on the basis of their suggestions and opinions, and it will be put before the Federal Assembly for consideration.

HUNGARY

Need for Apolitical Constitutional Court Stressed
25000228A Budapest PARTELET in Hungarian
No 4, 1989 pp 45-48

[Article by Ferenc Kondorosi: "About the Constitutional Court"; first paragraph is PARTELET introduction]

[Text] This is not the first time that the PARTELET writes about issues of state theory and legality which (in the context of shaping the new constitution) could bring about fundamental changes in the structure of the Hungarian state and in contemporary public life. As a legal institution, constitutional court is not a familiar phenomenon in Hungary; however, its introduction is necessary for the protection of constitutionality. Thus, we felt that we should inform our readers, the MSZMP's [Hungarian Socialist Workers Party] officials and cadres, not only about the main elements and theses of the proposed regulation, but also about the most important

related professional and political considerations. On a more subjective level, this topic is especially close to this writer; about 15 years ago he wrote his university dissertation about the role of constitutional control, "as a theme that will be important in the near future," and subsequently he studied the protection of constitutionality in selected European countries.

When we talk about constitutional control, we must inevitably discuss the constitution itself. As it is well known, the organizational structure, operation and legal order of every modern state are fundamentally and definitely regulated by constitutions. Writing constitutions and the process of proclaiming and ratifying them make up integral parts of European history during the 17th and 18th centuries. They were undertaken to ensure the legal equality of the bourgeoisie with the former privileged classes, and define the functions of a state organization serving bourgeois interests, rather than those of a feudal hierarchy. Their efforts lead to the creation of fundamental laws that regulated the basic principles and theses of legal relationships between the state's institutions and organs on the one hand and citizens on the other.

With the appearance of constitution came that of constitutionality. In the beginning, this used to refer to the existence of written, stable legal norms (fundamental laws), succeeded by the demand for constitutionality in creating and applying laws. The first means that every law-creating organ laws must strictly adhere to the fundamental laws contained in the constitution. Constitutionality in applying laws, on the other hand, means that executive organs can never go against the spirit of the constitution.

Jurisprudence developed numerous guarantees for constitutional action in creating and applying laws. Primary among these is the separation of the state's administrative, executive and judicial powers. In addition, a number of other legal and extralegal means have been formulated for protecting the constitution. The latter category includes morality, as well as armed force to be used against threats to internal security. Legal guarantees for the protection of constitution are also numerous: In addition to state law, there is criminal law and administrative law, and even civil law plays an important part. This writing will deal in detail with state law; after all, the primary principles behind the constitutional court's creation, activities, and operation are defined in terms of state law, contained in the constitution.

In Europe, demand for constitutional control became strong after World War II, derived from the recognition that without proper constitutional guarantees any state form (even those based on majority will) may be vulnerable to the threat of developments leading to dictatorship. Thus, protecting the constitution is an interest of the ruling authority, while it also guarantees society's stability, legal security, and the preservation of accepted fundamental civil rights.

For a long time, socialist legal literature referred to the constitutional guarantees of state law, and even the protection of constitution itself, as "bourgeoise" legal institutions. Even such well known legal scholars as Janos Beer or Kornel Pikler talked about the constitutional courts operating in certain capitalist countries as "propaganda forums" that create the illusion of constitutionality. Nowadays, however, we have to revise our earlier views, since real life proved them to be false.

The process of constitution-making (as also proven by the development of jurisprudence in our country) is organically connected to the strengthening role and increasing activity of the nation's legislative body. The National Assembly has been present in political and legal life from the beginning of building socialism; in practice, however, its significance was limited for a long time. According to the model of the "party-state," the party is the paramount decisionmaker and even though in theory the National Assembly is the representative and depository of popular sovereignty, in practice its role was limited to the legal sanctification of decisions. More than that was not prescribed even by the constitution, which is revealed by the debates of our times and the opinions calling for a new constitution to be more of a political declaration than a legal document. However, if we now wish to change this, then the issue of protecting constitutionality becomes an important theoretical and practical factor. Under pluralistic circumstances, which are now being developed in this country, when the ratification of a constitution is really the result of negotiations, struggle and compromise, the demand for upholding constitutionality inevitably surfaces.

There is a certain contradiction between the principle of parliamentary sovereignty and the institution of constitutional control, which has evoked a series of professional and political debates even in bourgeois societies. Thus, for example, some French legal writers raised their voices as early as the beginning of the 19th century against creating organs that would exercise constitutional control over the activities of the legislature. The contradiction is well illustrated by this formula: Either the constitution is a supreme and sovereign law that cannot be changed through ordinary means, or else it is on the same level as the other acts of the legislative body, in which case it can be changed whenever its members find it desirable. Legal literature contained much abstract debate on this issue, but in our times we take a more practical approach to the protection of constitutionality.

The question can be raised: How do we decide what kind of organization exercises constitutional control? This depends primarily on the structure and traditions of the given country. In general, constitutional control is a judiciary function. Of course, there are contrasting examples: In France, where the courts have never been considered neutral, there is a constitutional council operating. However, that may be considered an exceptional case.

Among the socialist countries, only Yugoslavia and Poland have similar institutions. In Hungarian legal practice, the rigid resistance to a constitutional court has abated rather slowly. Although its scope of operation is limited, we now have a Council of Constitutional Law, and recently it has undergone reforms that point toward greater constitutional protection in the courtrooms.

In the course of the debates calling for the acceleration of the political reforms, it has become unequivocal that the protection of the constitution could have an important role in the democratic public life now in the process of being shaped. The professional discussions thus far conducted have also demonstrated that a constitutional court could provide an effective safeguard for constitutionality in our country. A constitutional court can fulfill this task if it does not become part of the traditional judicial hierarchy, but rather operates as an independent organization, with its own budget, and its judges are appointed by the representative of popular sovereignty, the National Assembly.

Since it is a special court by definition, a constitutional court is a single-forum judicial organ, which is called upon to make initial and final decisions. According to plans, in our country it will consist of a president, a vice president, judges and a small office staff. In view of the probable workload, as well as the expectation that the court's members will enjoy great social prestige while performing their functions, the number of judges is likely to be between 11 and 13. When it comes to nominating the members of this court, it will probably be important to take into consideration the individuals' theoretical training, professional accomplishments, and experience in public political life. Since the court, by definition, will be the highest organ of applying law, its members should be selected from among theoretical jurists of the highest caliber and those who have the broadest experience in applying the laws (judges, prosecutors, lawyers, and legal counselors). As another, nonprofessional, criterion for being appointed to the court, a minimum age of 45 seems appropriate.

Constitutional judges may assume their posts after being elected by the National Assembly, or after being appointed by the President of the Republic. The danger of the first alternative is that the constitutional court will reflect the balance of power existing in the National Assembly, while the second may make the court a tool of the executive branch. One practical solution (used in other countries) appears to be the combination of the two methods; that is, having a slate of candidates proposed by the National Assembly, with the president of the republic making the final choices, possibly with veto power over the proposed list.

The details of nomination and selection will be worked out in the future. One question is, should the balance between various branches of the government be maintained in this regard, too? The possible alternatives are

for the National Council of Jurisprudence by itself, or in collaboration with the National Assembly's judicial committee and the cabinet, to make the nominations.

According to the concepts thus far formulated, members of the constitutional court should not hold party posts or leadership positions in any interest groups or state organizations, and they should not be eligible for election as deputies.

As revealed by the passages above, the fundamental tasks of the constitutional court are to make sure that public authority does not exceed its constitutional powers, create a balance between state power and the citizenry and maintain opportunities for compromise between the political majority and minority. Accordingly, it is within the court's jurisdiction to exercise control over any law after the law was voted into effect. If it determines that a law is contrary to constitutional principles, the court may suspend its execution, and in the course of its next session, the National Assembly decides on the law's constitutionality. The court may nullify or suspend regulations created by a lower court, and call upon such regulation's creator to make its decision conform to the constitution within a given length of time.

In exceptional cases, prior control may be exercised: In those cases, the constitutional court may take a preliminary position concerning the constitutionality of a certain law before it is formulated.

It is also within the court's jurisdiction to determine if certain omissions lead to unconstitutional actions. In these cases, the constitutional court examines whether certain organs failed to perform their duties by not formulating regulations necessary to uphold the constitutionality of an action. When a constitutional complaint is filed, the court could become involved with the protection of basic constitutional rights as an exceptional measure of legal remedy. Although this will have to be determined by the law on parties, it is conceivable that the court will be responsible for registering political parties, exercising constitutional overview over them and possibly determining if their activities are unconstitutional. Finally, the court could supervise elections and plebiscites.

The constitutional court could examine the constitutionality of a certain group only if such action was initiated by officials or organs authorized to do so. These may include the following:

—The National Assembly, one of its committees, a certain number of deputies, the president of the republic, the president of the supreme court, the chief state prosecutor, the cabinet, organs that apply the laws or represent considerable portions of the citizenry.

As a key point here, the question arose whether citizens should have the right to initiate examinations by the court. A great number of arguments could be made to deny citizens such a right, even if it were combined with special legal guarantees.

The constitutional court can fulfill its role only if its decisions are binding for everyone.

As revealed by the above passages, having important functions in exercising state power and having accepted the responsibility of governing, a political party has a considerable interest in upholding the constitution whose letter and spirit (also) express the party's political aspirations. The MSZMP is greatly interested in creating a state based on laws, in ensuring constitutional order and social stability. Thus, the party also supports the operation of an organ whose primary task is to guarantee constitutionality in the creation and application of laws. Moreover, with the development of a multiparty system, it is only a nonpartisan judicial body, operating on strict constitutional principles and subject to control only by the constitution's creators, the national assembly, that could determine if the formation and operation of the new parties proceeds along constitutional lines.

As underlined by the significance of its tasks and its special jurisdiction, the constitutional court is certain to become a crucial institution of our public life. Thus, the MSZMP is interested not only in the court's creation and the major rules of its operation, but also in the experience and political-ideological convictions of its future members.

Multiplicity of Views, Platform in MSZMP Advocated

*25000228b Budapest PARTELET in Hungarian
No 3, 1989 pp 90-91*

[Article by Laszlo Foldes, in charge of the MSZMP's agitprop at the Debrecen Pannonplast Plastic Enterprise: "Freedom of Platform—Party Unity"]

[Text] The growing number of organizations representing alternative thinking and alternative thinkers (in a fashionable term: alternatives) is the fledgling branch of our developing democracy. There are those who are glad to see these phenomena as visible indicators of society's openness and the broadening of rights, while others react anxiously, seeing in them the decaying of social unity and signs of chaos. However, one thing is certain: Like it or not, these organizations are present in our society, they make their voices heard, their number is growing and we must coexist with them. To paraphrase the statement made by comrade Pozsgay at the Debrecen meeting of cadres: "Many people think that pluralism is the brainchild of certain reformers, when in fact the diversity of thinking was always present in people's minds, only we did not allow it to surface."

This diverse thinking is making its effect increasingly felt even within the party. During the debates at the party conferences, or in arguing for party conferences, we hear sharper dissenting opinions, and formerly centralized unity is now obviously rejected. In view of this, it is no surprise that differing opinions could be heard even in the highest organs of our party (the Politburo or the CC [Central Committee]) and, (miracle of miracles!) when certain leaders hold deviant view, they state them in public. Conservative thinkers in the party have already rang the alarm: What is going to happen to party unity and discipline, which held the party together for decades? Is the danger in fact so great? Certainly, during the past 7 decades, harsh discipline and firm unity were the most effective cohesive forces, and we cannot abandon these principles in the future, either, if we wish to prevent the party's disintegration. However, the world changes, and so must our thinking and our judgement. It is Marxism that rejects dogmatism and illusory faith in the immutability of things. Some 50 or 60 years ago, during the time of underground activities, it was natural to demand conspiratorial attitude, suspicion, military-like orders from above and their unquestioning execution. These were fundamental requirements for carrying on our activities and the sole guarantees for our survival. Today, however, after 40 years of being the sole (and dominant) party of this country, such methods appear anachronistic and ludicrous. Human minds cannot be put in uniform: Even genuinely wise people, and especially the self-declared geniuses, have no right to take on the task of thinking for others. Each party member is a thinking individual, with independent views and ideas about the surrounding world. Only the synthesis of these ideas can result in good decisions, voluntarily accepted by everyone. It is no accident that one of the basic preconditions for the party's renewal is that of making the principle of building from below an everyday practice. Only jointly developed policies, derived from the conflict of differing views, can count on homogeneous support. Of course, we must ensure that those who are in the minority have the right to fight for their beliefs, even while they are obeying the will of the majority. Numerous examples could be cited for the damage done to our party by the oppression of individual freedom of expression, the proclamation of pseudounity or the pursuit of faceless, impersonal policies. In addition to the considerable number of achievements (which are infrequently mentioned), the past 40 years also witnessed a great many faulty economic and political decisions, as well as crimes against society and humanity (and, therefore, against the party's policies). These crimes did not originate in socialism's substance (as our political opponents are trying to assert) but its distorted versions, as well as the human weakness of leaders. A significant proportion of these well-known crimes were attributable to such traits of state and party leaders as lack of routine, inexperience, as well as such human frailties as lack of training, vanity, suspiciousness, or self-centeredness. If the policies of the past decades had been more related to personalities and politicians, if their individual statements and their role in the decisionmaking process were

known, then today it would not be the party that is being accused by society, but the individuals truly responsible for the mistakes, who made the wrong decisions while hiding behind organizations and committees, and whose fault it is that the country is in its current predicament.

However, there are other democratic reasons why it is very important for us to hear more than the party policy when we see the party's leaders appear in public, and to get to know their own personal views, ideas and opinions as well. Only by having such information can we make responsible choices among the various candidates at election time. Nominating two or more candidates will have a truly democratic content only if we can judge them by their work and pronouncements throughout the campaign, rather than by what their vita sheet or program speeches reveal. Democracy and socialism need to worry about an absence of opinions and the creation of a gap between leaders and the membership, not about differing views.

Public opinion frequently perceives freedom to propose one's own platform and party unity to be conflicting and mutually exclusive terms; even though the only way these will achieve their full potential if they appear together and in an interrelated manner. True party unity is not based on the uniformity of ideas, but on a consensus among them. I am confident that in the coming years we will see more and more of our politicians develop their own individualities and place their ideas and opinions before the public. They will strive to create an open and democratic party organization that is in close touch with the membership and works in a diverse, yet unified, manner for our common goal, the flourishing of our country.

MSZMP CC Debates Its Uncertain Future

25000231A Budapest *MAGYARORSZAG* in Hungarian
7 Apr 89 p 10

[Article by Andras Kanyo: "Debate About the Future; Report After the CC Meeting; Demand for Change Is Great"]

[Text] "I would not have thought that there would be a time when you would initiate action to disband your own party," said my colleague from West Germany as we were talking after the press conference that followed last week's MSZMP [Hungarian Socialist Workers Party] CC [Central Committee] meeting. My arguments to the contrary have apparently failed to convince him. Shaking his head, he enumerated the phenomena; the open debates about certain people's attempts to divide the party into fundamentalist, centrist, and reformist wings, and the fact that in the past 10 months more than 100,000 members have left the party, while only 20,000 asked to be admitted. When I was a correspondent in Bonn, we worked for years on the same floor of the press center, so we are quite familiar with each other's views. In my view, he is not a malicious conservative, so I was surprised to note that there was not a trace of gloating in

his remarks. On the contrary, he appeared sad as he repeated Karoly Grosz' remarks to the effect that there has never been a ruling political party that voluntarily gave up its monopoly of power. There are many more examples for efforts to obtain and retain such monopoly. Let us not recite them now.

Missed Opportunities

I cite this conversation for the simple reason that, as a drop of water represents the ocean, it reflects the substance of changes taking place in Hungary, especially that of the transformation into a multiparty system and, of course, the curiosity felt abroad concerning the fate of the MSZMP. Let us be honest, such an interest in all corners of the world is far from being similar in background, but it indicates that the whole of Europe is eager to find out how a Marxist party solves the complex task of sharing power, which is not without dangers for itself.

Last week's MSZMP CC meeting tried to provide answers to this question. The discussion dealt with issues that are crucial not only for the party but for the future of Hungarian society.

During recent weeks, a thorough and detailed debate took place within the party concerning the reform of our political system. In the course of this debate, it was frequently stated (and this was not omitted by the report made to the CC meeting, either) that the MSZMP had missed great opportunities during the past 10 years. Primary among these may have been a chance to develop democracy, demanded by diverse strata of society, within the frameworks of a 1-party system, by encouraging social organization and guaranteeing the sovereignty and independence of the newly established associations. Let us acknowledge that to some extent this was caused by our recent past, especially by the events of 1956, when not only the monopoly of the ruling party, but the survival of the social system was at stake. Hesitant steps to avert this danger have failed, and in the end violence was answered with violence. After that, there was a long period when we could not even talk of a reorganization. And when (exactly because of the slow, but still perceivable, process of democratization) certain strata of our society raised demands for such a reorganization, the fear-instilled reflexes once again dictated the use of repression. Let us acknowledge that all of this has also been influenced by the factors of our international environment, not least of which were the failed Czechoslovak experiment and the acceleration of arms race involving nuclear missiles that came close to casting the shadow of a new war, because the leaders of both the Soviet Union and the United States failed to realize that such a course could only lead to a catastrophe. It was the loosening of these internal and external impulses, the strengthening societal demands that test restrictions and the movement calling for the discussion of political reforms (existing even in the depth of party membership and among midlevel cadres) that lead to last year's party congress. In other words, that was when public will met

with the trends developing within the party, and that was how we reached the point at which the Hungarian Socialist Workers Party was the first among parties operating in socialist countries to take the initial steps toward sharing its monopoly of power.

Were They Fellow Travelers?

These steps have great significance, and yet their reception revealed a considerable amount of misunderstanding; not only within the party (which would be understandable) but also on the part of some new organizations and, of course, among some of our friends abroad.

As for the misunderstanding within the party, it is somewhat easier to explain. Obviously, some of the members are worried that if things proceed along the present course, the party will completely lose its share of power. This could be the reason (at least to a degree) behind the mass defection that took place during the past 10 months. Some of the people leaving our ranks are motivated by a worry over the party's fate; while others (let us admit) have been only fellow travelers in our large-membership party. Now that the future appears uncertain, they feel it is best to leave the party. In addition to gold diggers, there may be individuals with legitimate worries among them; people who remember times when belonging to the party or to the Armed Forces could have meant, and did mean, having to face deadly peril. Perhaps we should not despise either of these two types. Party members and former members are only human, after all; there are brave men and cowards among them, resolute and weak-willed people alike. Whatever they are, we produced them, and if there are those among them who falter at difficult times, that may not be entirely their fault.

Fundamentalists and Reformers

In any event, the freedom of platform that was recently declared for party members might justify this observation: It makes no sense to splinter the party into fundamentalists, centrists, and reformers. Even some of our fellow publications play that game, prophesying that the party will break down into its basic components. What may contribute to this view is the fact that some of the new organizations, such as the Smallholders Party, are going through sharp struggles for position, and some people propose that a similar process is taking place inside the MSZMP as well, especially when they hear the diverse statements concerning goals and the methods to achieve them. Rezso Nyers may have expressed the correct behavior best when he said that there always were and always will be conservatives, and the main thing is that we in the party have to identify with each other.

The issue of the party's institutional presence at the workplaces has been a very salient consideration during these debates. The MSZMP has reached the recently

developed unified view through a process of clarifying debates. While earlier there have been proposals for the party to leave the institutions and the new parties must not even appear there and operate instead in the residential districts, by now this view has changed.

As far as the MSZMP is concerned, the CC meeting has produced the unified view that parties operating within the limits of legality must not be banned from institutions, factories, and enterprises. For one thing, this would even go against our traditions: After all, immediately after the war, during the period of coalition government, the parties were free to operate in the workplaces. That practice prevailed, even though it was the two workers' parties that were primarily active in the factories. When it comes to political issues, it is not practical to prophesy the course of social development; however, it is reasonably certain that there will be no basic change in this tradition in the future.

There is, however, one aspect of this problem that is entirely new for us: It is the question, can political parties be present in the Armed Forces? A number of views were voiced during the CC's debate, but in the end a unified position was formed on this question as well. This was that the MSZMP will not withdraw from the Armed Forces, and its leaders feel that the recently formed parties should also be allowed the opportunity to operate among the uniformed services.

Party in the Armed Forces

This was most decisively stated by the first secretary, who said that this issue will have to be decided by a vote in the National Assembly; after all, it is one of the debatable points of the new law dealing with parties. At the same time, he emphasized that MSZMP members had no right to go against the internal order and regulations of the Armed Forces even during the time of the single-party system. This principle must be obeyed in the future too, by MSZMP members as well as those who belong to other parties. The minister of defense added that "the leaders of Armed Forces find it easier to imagine the presence of other political parties in the ranks than the MSZMP's withdrawal from there." Of course, this does not mean that the MSZMP will forcefully assume the task of organizing the other parties' presence in the Armed Forces. Rather, it will not oppose such an attempt, and even, if we may put it this way, offer such an opportunity. This also is an exceptional occurrence, which should be acknowledged by those who daily come up with new demands and consider every step supporting the basic reform of social and political life unsatisfactory, just because it originates from the MSZMP.

Distrust is a bad adviser. Moreover, emphasizing a sense of endangerment has an ominously and unnecessarily disquieting effect on all camps, especially on the greatest segment of the populace, the quietly working majority, whose members want tranquility and economic result, in

addition to effective political reforms. After all, it would be a shame to deny that when it comes to actively participating in political life, it is still not done by the broad strata of the populace, the millions, but by the leaders of parties and groups who do not even call themselves parties yet. On the other hand, day by day there is greater interest in politics and a growing desire to participate in political activities, which is a welcome fact. Let us, therefore, base our actions on this trend, let us take advantage of favorable winds and join together to raise our sails. After all, let us not forget that divisiveness always holds the threat of catastrophe, while forward progress can only result from common dedication.

Situation of Hungarian Minority in Czechoslovakia Detailed, Bemoaned

25000231B Budapest MAGYARORSZAG in Hungarian
7 Apr 89 p 8

[Article by Judit Lang: "Hungarian Voices; Problems of Minority Education; TV Program Only 1 Hour a Week"]

[Text] In the recent past, representatives of Hungarians living in Czechoslovakia have been asking themselves whether the life of their ethnic minority is a passing historical phenomenon or a state-creating ethnic factor; a process of cohabitation or coexistence? Since a declaration was made 2 years ago to transform Czechoslovakia's society, people more openly discuss not only the increasingly worrisome problems of economic social life, but more public attention is paid (especially during the past few months) to certain issues related to the situation of the country's largest ethnic minority, the Hungarians living in Slovakia.

Important Date

According to official figures, nearly 600,000 Hungarians live in Czechoslovakia. They are tied to two communities: Their language, their traditions, and customs represent unbreakable ties to their mother nation; at the same time, their social, political, and economic activities take place in socialist Czechoslovakia. Following historical tribulations and a period of complete disenfranchisement, it was in February 1948, after Czechoslovakia's progressive forces gained power, that the country's Hungarians regained their human and civic rights. At that time, in addition to creating a nationality press, the establishment of a Hungarian school network was the most urgent task. There were only about 110 Hungarian educators left in Slovakia; the first Hungarian schools opened at their initiative. Training sessions of a few weeks' length were organized for those who volunteered to teach in the recently opened Hungarian schools, even though they had no training. While until June 1950 there were only 154 classes enrolling 5,100 children in native-language education, by October of the same year there were 260 classes with more than 30,000 pupils. On December 15, 1948, at the initiative of the Slovak Communist Party, the most important press organ of Slovakia's Hungarians, the UJ SZO, began publication

with the goal of providing a forum for the best writers and publicists of the country's Hungarian minority. One year later, in 1949, the cultural association of Czechoslovakia's Hungarian workers, the CSEMADOK, was formed, which during its 40 years of existence unquestionably performed the greatest role in keeping native language use alive and preserving the traditions of Czechoslovakia's Hungarian culture.

Nationalist prejudices long made their effects felt in the treatment of Czechoslovakia's Hungarians, and even though the 1960 constitution declared every citizen of the country, regardless of nationality and race, to be equal, this principle was far from fully implemented in legal practice. Nationality existence was identified only with individual civil rights and not with the political and state administrative roles that are due every ethnic community. Another watershed event in the life of Czechoslovakia's Hungarians was when in 1968 a separate constitutional law defined countries other than Hungarians, Ukrainians (Ruthenes), Germans, and Poles (in addition to Czechs and Slovaks) as integral units of the nation. According to that law, the ethnic minorities are equal with Czechs and Slovaks in every regard, with their right to educate their young in their native tongue and to pursue their own cultural progress being guaranteed. In the regions they inhabit, the nationalities can use their own languages in official activities, they can establish cultural and social organizations, they can have their own press and can obtain information in their own languages. They must be assured proportional representation in the legislative bodies and other elected organs, and no citizen may be disadvantageously singled out in political, economic, and social life because of his ethnic background.

Even though Czechoslovakia preceded several European countries in passing laws that guarantee nationality rights, the executive regulations necessary for implementing the 1968 nationality laws are still missing, and according to representatives of Czechoslovakia's Hungarians and even the leadership of CSEMADOK there are problems in such areas as the use of the native tongue, implementing the principle of dual language use, nationality school affairs, training educators for Hungarian schools, admittance to institutions of higher education, the system of nationality institutions and Hungarian language mass media.

The situation of Hungarian schools in Czechoslovakia could be referred to as one of the primary problems. Several times during the past 4 decades, the reorganization of Hungarian schools negatively effected nationality education. Beginning in the 1970's, the schools of Slovakia were centralized, and many villages lost not only their Hungarian elementary schools, but also their Slovak ones. About a thousand schools have been eliminated; the number of Hungarian students decreased by nearly 28 percent and Hungarian classes by more than 30 percent, which exceeds the national average several times. When the Hungarian school is closed, the teacher

usually moves away, which means that the community loses a person who formerly was an important factor in its cultural life. Zoltan Sido, the president of CSEMADOK, emphasized in his statement published in the Hungarian press of Czechoslovakia that this issue is important because education in the native tongue is one of the basic conditions of nationality existence, it guarantees language maintenance, shapes nationality consciousness and reveals to the new generations the historical and cultural values of their nation. Even the officials of Slovakia's Ministry of Education recognize that the future of Hungarian schools is in the parents' hands; after all, according to regulations, if 15 of them request it, the local authorities are required to open a Hungarian section in the kindergartens or elementary grades. The same thing applies to other school types; that is, a precentralization situation can be reestablished at the parents' request.

In the Trade Schools

Statistics show that, in spite of centralization, the number of pupils studying in Hungarian schools is growing, and last year it reached 50,000. Currently there are 336 independent Hungarian kindergartens in Southern Slovakia and there are Hungarian classes in more than 80 Slovak kindergartens, with a total enrollment of nearly 16,000 children attending. There are 264 elementary schools with 2,000 classes, attended by more than 50,000 pupils. Slovakia has 10 independent Hungarian high schools, and there are eight schools under joint Hungarian-Slovak supervision; however, the number of students is relatively small, not quite 3,000. (Critics consider it a negative factor that in the recent decades a number of Slovak and Hungarian schools were, for no reason, placed under shared supervision.) When it comes to trade schools teaching in Hungarian, five of them are independent and 17 of them are under shared supervision, with a total of 4,800 students enrolled in their 150 classes. According to some Hungarian intellectuals living in Slovakia, efforts to promote a more successful learning of the Slovak language have negatively influenced the maintenance of Hungarian ethnic identity. Problems with Hungarian language instruction are most frequent in the trade schools: There are about 5,000 youths of Hungarian ethnic background in the five independent and 22 jointly supervised institutions, where in most cases only Hungarian literature classes are taught in the native tongue.

Only about 5 or 6 percent of Hungarian youths apply or gain admission to institutions of higher learning, and Slovak cultural authorities themselves are striving for this proportion to reach the 10- to 11-percent level. The most serious problem of Hungarian education in Czechoslovakia is connected to the training of replacement teachers. According to a national survey completed in 1985, nearly half of the individuals teaching the lower elementary grades, about 700-800 individuals, will retire between 1985 and 2000, while about 40 percent of these teaching at the higher grades, about 500-600 Hungarian

educators, will reach retirement age during the same period. As a consequence, at least 1,200 educators should be trained during the coming decade; a task for which the two existing institutions, the Komensky University in Bratislava and the teachers' college at Nyitra, are not at all prepared.

29 Newspapers

It is increasingly mentioned in Czechoslovakia that the proclaimed transformation must also effect the ethnic press. There are 29 Hungarian language newspapers and journals published in Slovakia, there are 35 hours of Hungarian language radio programs weekly, but television broadcasts only one Hungarian program a week, lasting 1 hour. Considering that 11 percent of Slovakia's population is ethnic Hungarian, there are demands for structurally reforming the Hungarian press, with improved attention to the needs of minority cultural life, as well as proposals to start a new literary publication for youth and a Hungarian language social-cultural weekly. Another objection is that members of the Hungarian-speaking technical intelligentsia are unable to publish in their own language, because no popular scientific publication appears in Hungarian, while at the same time there are several Hungarian publications which have barely any readers. This is one reason why the profile and contents of existing publications should be revised. Many people assert that minority cultural life should not be limited to nurturing folk culture and participating in amateur movements; rather, more attention should be paid to the establishment of libraries, museums, and minority scientific institutes. By the way, great hopes are attached to the new Constitution which is now being prepared. As the president of CSEMADOK, Zoltan Sido, emphasized, the country's Hungarians are striving to have the new Constitution recognize ethnic minorities as integral components of the nation, ensure collective equality for them and contain sanctions to prevent attempts aimed at denationalization or trespassing against national or minority rights.

POLAND

Alphabet Soup: Student Association Registrations Mushroom

26000467 Warsaw *POLITYKA* in Polish
No 16, 22 Apr 89 p 5

[Article by Tomasz Janowski: "A Political Mendeleyev's Table"]

[Text] On 26 September 1988 there occurred the formal breakdown of the monopoly held at universities by the youth organization foursome of the ZSP [Polish University Student Association], the ZSMP [Union of Socialist Polish Youth], the ZMW [Rural Youth Union] and the ZHP [Polish Scout Union], when a new student organization, the Academic Union Młoda Polska [Young Poland], an organization with a Catholic orientation, was registered in Poznan. Soon new associations

appeared and organizations that were formerly illegal and conspiratorial embarked upon overt activity. In place of the alarm expressed until recently regarding passivity and the low level of activism, people are now equally alarmed about the "political addiction" of students.

During this half year, only a few of the new legal and illegal organizations have really managed to become stronger in the student community, while the majority are still in the organizational stage. Nonetheless, we must admit that the so-called expanded pluralism has become a fact in the institutions of higher learning.

Besides the Poznan Młoda Polska, other Catholic associations also have been registered: the Academic Union Verbum from Gdansk and Pokolenie [Generation] from Bydgoszcz, the Association of Catholic Academic Youth [SKMA] and the Academic League from Warsaw and the SKMA Unia Młodych [Union of Young People] from Lublin. In Zabrze, Torun and Krakow, Catholic initiatives groups are in operation. Similar organizations are also appearing in Rzeszow (Pokoj i Dobro) [Peace and Goodness], in Czestochowa (Emaus) and in Lodz. In Wroclaw, the informal movement of young Catholics "U siebie" [Among Us] is active.

Young Catholics consider themselves to be the inheritors of the National Democratic traditions, especially the current linking national values with the Christian religion. They call themselves the young right and the "ideological opposition to the Marxist doctrine." At the same time, however, they declare their openness regarding concrete actions.

Rafal Matyja, chairman of the Warsaw Academic League, declares: "This sets us apart from a significant part of the political opposition, which has common ideological roots with the authorities, but which a priori rejects all of its activity."

This constructive stance is associated with the importance that Catholic youth attach to such concepts as: the family, the nation, the state and the historical continuity of its institutions, the rights of the state and the national interest. The state is to stand over ideology and doctrines, it is to serve society and be the guarantor of national sovereignty. In their views on the economy they approach the liberals, speaking out in favor of market mechanisms, individual enterprise and unrestricted private property. They are opposed to pretentious attitudes which, in their opinion, only serve to strengthen the overly expanded functions of the state as the sole distributor of goods and the guardian of all social groups.

Perhaps in time greater differences will arise between the various associations. For the present, however, the Catholic current appears to be quite homogeneous ideologically. Monthly conferences are held in which delegates from the various associations participate, and recently,

an Understanding Commission was appointed at a conference in Bydgoszcz, and a proposal was made to open an information bureau in Warsaw. Communities in Poznan and the Tri-City area want to publish a Poland-wide fortnightly publication for youth entitled "Młoda Polska." Only Catholic youth from Wroclaw and the members of the Academic League remain on the sidelines. The first believe that present circumstances—legal (above all the lack of a new law on associations, which the Sejm adopted in the last few days), social and political are still not suitable for the formalization of their movement. Others maintain that integration should be founded upon a community of goals and programs, not world views. They are convinced that the latter leads to an absurd division into Catholics and Communists.

Many Would Like To Make Use of It

The founders of Bratnia Pomoc [Fraternal Aid] had big plans. As the statute says, this "apolitical organization of the students of Wroclaw University," which was registered on 17 October 1988, intended to organize a child care center, a food service, an art gallery and a store to sell old books and duplicated lectures. It also was supposed to create a university foundation. For the present, it is still trying to find a location and it is battling the bureaucratic barriers that, according to the members of Bratniak, certainly would be much easier for "regime" organizations to overcome.

In December of last year, students from Warsaw Polytechnic also made a motion to register Bratnia Pomoc.

In addition to providing services and conducting money-making activity (they want to help their members through loans, financial aid and stipends), they are also considering helping to finance student clubs, academic circles and artistic groups. They wish to allude to former fraternal traditions, hence the project for issuing a publication on the history of "Bratniak." Mirosław Barej, one of the member-founders has not lost heart. The university authorities willingly supported the "apolitical" initiative.

The students were promised several hundred thousand zlotys to get started and they began to look for a location without waiting to be registered. Paradoxically, the most serious problem may be the lack of people. While many people would like to make use of "Bratniak," significantly fewer are willing to work to organize it.

Traces of Activism

The Belorussian Students' Association [BZS] has a completely different, nationalist character. While it is registered as a Polandwide association, it joins together primarily students from Warsaw University. The majority hail from Białystok. The association is to "serve the development of the social, cultural and academic activism of Belorussian academic youth, the propagation of

attitudes fostering the strengthening of friendly relations between Belorussian society and Poland, and the other nationalities inhabiting the PRL." Thus far the BZS, with no headquarters and not even a bulletin board, is a somewhat enigmatic phenomenon. However, the Belorussian students are announcing their coming out into the community, by publishing a bulletin in Polish, as well as in other ways.

The number of organizations and circles at institutions of higher learning, those that are subject to being registered directly by the rector, while relatively small, seems astonishing today. The explanation of this paradox is simple: the lack of a legal identity for these organizations means that they cannot conduct any financial accounting, and it is difficult today to imagine any sort of activity without money.

The few institutional structures include the Christian-Liberal Club of Jagellonian University, which joins together students that come from the Christian-liberal community associated with the Krakow Industrial Society. The club began its official activity by organizing an academic session on the topic of the Polish Right. Earlier, meetings were held with the representatives of the communities of Res Publika, the Warsaw Realpolitik Movement and the Aleksandr Hall Polish Politics Group.

An exception of another kind is the Gdansk Academic Association [GSA], which bands together both students and academic employees. It is an apolitical organization without a definite ideological profile, created to serve the interests of the entire academic community. The GSA wishes to be an opinion-generating element, to formulate expert opinions on the problems of the academic society and the region, to publish a community publication and, in cases of conflict, to perform the role of mediator.

A review of the new legal structures operative in institutions of higher learning should include the initiatives that, while coming under official organizations, do not fit into the traditional model of the youth movement. This is the case, for example, with the Young Democrats Circles, the youth structure of the Democratic Party. The circles arose in 1983 in place of the Young Democrats Union, which was suspended during martial law and was not relegalized. While the members of the circles accept the program that was adopted at the 16th SD Plenum, for some time now they have favored the creation of an independent union. A month ago, the Democratic Youth Union was registered. Besides natural persons, it also was to join together associations or unions. The Academic Association Młoda Demokracja [Young Democracy] registered in Krakow, is such a special association. Its goal is to democratize the operation of the institution of higher learning and to strengthen the position and the role of the intelligentsia in society. The founders of the association demand that young people have the right of free association and the guarantee of organizational pluralism in the academic community.

The Wroclaw Alternative Thinking Movement [RAM], meanwhile, found a location at the Center for Social Thought at the local university's ZSP University Council. The major force behind the movement is Janusz Zagorski, an assistant at the PWSSP [State Higher School of Plastic Arts] Social Sciences Institute, a doctoral candidate at the Academy of Social Sciences. RAM arose in the fall of 1987. The members of the movement, who recognize Poland's situation as very serious, express the need for carrying out radical reform in the political and economic system and declare their full openness to various concepts. The movement is more an open forum for discussion than a political organization; it sets up meetings between the representatives of different orientations and camps.

A year ago, there was a great deal of talk about the "Che" Guevara ZSMP circle at the University of Warsaw. Its members, defining themselves as young Communists, issued pronouncements in which they reasoned that our country should not repay its debt, and in which they warned the working masses against the dictates of international capital represented by the MFW and the World Bank. Today the only trace of the circle's activism is the appeal to take part in Solidarity's campaign to aid hunger in Nicaragua, which has been hanging for the past 6 months in an enclosed glass case in the university courtyard.

The Most Visible

On the other side of the courtyard, in the enclosed glass case belonging to the self-government, can be found the results of the election (free, of course) to the NZS University Commission, along with a photographic service signed "contra PAP." Alongside, at a table holding second circulation publications, one may purchase books, brochures and student publications (of which, as someone has calculated, about 20 are published in Warsaw alone) and "company" buttons and T-shirts. Without a doubt, the illegal NZS is the most visible organization. In accordance with an NZS Third Congress resolution (September 1988), the creation of open structures has been initiated. On 11 October, within the framework of the so-called all-Poland information campaign, the members of the university conspiratorial authorities were present during mass meetings. In the larger academic centers, membership drives were held, declarations were disseminated and on 14 October, NZS representatives submitted a motion to be registered to the Warsaw socioadministrative branch.

The NZS program was also formulated at the September congress. At the congress, the most important task of the NZS was recognized to be the "change in the model of the higher school, the creation of conditions for the unfettered development of individuals and the freedom to develop the various kinds of elites indispensable to the building of modern society and the state." The program included demands regarding institutional autonomy and the operation of higher schools, the expansion of the

student self-government, the freedom of learning, student participation in developing the program of studies, military training and daily living and social conditions. So-called societywide demands also were considered. These were similar to those discussed by the opposition at the roundtable talks.

Those active in the Wolnosc i Pokoj [WiP—Freedom and Peace] movement are organizing conferences and lectures, trying to create a free university. Active groups are in operation in Poznan, Gdansk and Lodz, as well as in Krakow. In the various universities, however, the number of those that are continually involved in campaigns is not more than 20 persons. "WiP" is open and one cannot formally be a member of it. Hence, its circle encompasses the broadest variety of groups, often exotic ones: anarchists, pacifists, vegetarians, feminists and representatives of the youth counterculture.

Then there are the illegal political parties that are not in the strictest sense academic organizations: the KPN [Confederation for an Independent Poland], the PPS [Polish Socialist Party], the PPS-RD (Democratic Revolution) and the organization Fighting Solidarity, which have their own academic groups in the major academic institutions and regularly make themselves heard during student mass meetings and demonstrations. While they differ in political orientation (the KPN is the nationalist Right, the PPS are socialists and the Democratic Revolution employs radical syndicalistic slogans), they are frequently linked together by their joint participation in demonstrations and their similar independence-freedom slogans. In numbers they approach WiP, but it cannot be said that they carry on regular activity, except for the distribution of publications. Of course, there are many more organizations, associations and movements in which students take part. Here we must mention the "adult" parties (every 100th student belongs to the PZPR, the ZSL or the SD) and the political clubs, green groups, the scouts and, finally, the Orange Alternative and all its mutations. In Gdansk, the Alternative Society Movement, which bands together native anarchists, is also active. This movement includes not only students but also working-class youth and high school youth. In opposition to the orthodox representatives of this current, the members of this movement do not call for open battle with the state, but for the gradual move towards the independence of society from state institutions.

An Element of the Landscape

According to Prof Dr Mark Wierzbowski, vice rector for student affairs at Warsaw University, current student activism should not disturb anyone. Unless it adopts extremist forms, it is a completely natural state: "We are dealing with adults, whom the constitution grants the freedom to associate and who wish to take advantage of that right. What seems to us at this time to be something extraordinary—the handbills, the placards, and the publications is the normal daily reality of every major Western university. Nothing bad is happening—the

institutions are functioning normally. Moreover, at the universities, everything takes its course independent of the whole picture of political activism.

From the viewpoint of the school authorities, the most serious consequences of the present ferment to date is the appearance of new "subjects" which must be attended to in the distribution of monies and locations. And here the reigning principle is unfortunately: if we give to one we have to take away from another. This may lead to conflicts, especially since the NZS exists officially and thus far has been bypassed in this apportionment of funds.

According to the official statement of ZSP activists, the loss of the organizational monopoly on academic institutions is a relief. Włodzimierz Czarzasty, secretary of the Supreme Council, stated the following in September 1988 on the pages of ITD: "We do not wish to be a hegemony, because we believe that we cannot maintain our past dominating position. We represent our own members and I believe that the ZSP should not take the responsibility for everything that is both good and bad in the student community. And that is what we have been doing..."

Political Preschools

The process of creating full organizational pluralism in the academic community has just begun. Dr Jan Garkicki, a 31-year-old sociologist and political scientist from the ZSP Center for Social Research, studies the political culture of students. He believes that the diagnoses stated earlier are being borne out. In May of 1988, nearly 1,200 students were queried about the organizations they would join under conditions of so-called expanded pluralism. More than 55 percent named the Independent Association of University Students, every third student favored Catholic organizations and nearly one out of every five students declared their readiness to act in the existing legal youth organizations.

"The striking political heterogeneity of the community has always existed. It is simply that today conditions have arisen for the public manifestation of these various orientations. The phenomenon of harking back to the political currents of the interwar period is characteristic. It is natural that in creating the foundations of a pluralistic system, we should turn to the experiences of a period that was characterized by the significant political differentiation of society. However, this is being done quite superficially; it is limited almost exclusively to symbols and slogans and not doctrines and programs. For this reason, attempts to classify groups and divisions into the Right, Left and Center are very risky today—such labels are something we must grow into, especially since the groups are just forming and are searching for their ideological identity.

ROMANIA

Need To Combat Dishonesty in Retail Trade

27000062 Bucharest SCINTEIA in Romanian
13 Apr 89 p 2

[Article by Rodica Serban: "Honesty of Retail Trade Personnel an Essential Requirement in Assuring Quality Service and Protection of Public Property Assigned for Management"]

[Text] When we consider the large number of women employed in retail trade—about three-fourths of the total number of personnel—we can see that model performance of the functions assigned to this important social sector is especially important. From this viewpoint, the conference recently held to analyze in a critical and self-critical spirit the activities of women in retail trade in the context of the high requirements set for protecting public property and establishing an atmosphere of order, discipline, and honesty set forth in the November 1988 speech by Comrade Nicolae Ceausescu may be regarded as useful for its practical findings and the lessons learned in the discussions. Particular emphasis was placed at the conference on the responsibility assigned to the women's committees and commissions in retail trade in preserving the integrity of public property assigned to the personnel of shops and stores for management, in providing good service to the public, and in conducting retail trade in a courteous manner in keeping with the efforts of the state to establish a network of modern retail outlets in all localities of the country.

Strengthening responsibility and control is a basic requirement for preserving the integrity of public property. Particular stress was placed at the conference on the fact that society has entrusted large amounts of material assets to the personnel employed in retail trade. There are modern outlets totaling millions of square meters of retail space, the vast amount of storage space recently created, and the large amounts of goods received from manufacturers to be offered to customers with concern and politeness. To increase the spirit of responsibility, greater attention has been devoted to raising the consciousness of the personnel of this sector by having them undergo various forms of professional qualification enhancement (in 1989 alone 76,000 persons, most of them women, are studying and improving their qualifications by these methods). Instructional programs have been instituted to ensure familiarity with and respect for the law, along with strengthening of order and discipline. In addition, managers, chief accountants, and management inspectors have been tested twice in the course of this 5-year plan. At the same time, numerous educational projects dealing with the subject of protecting public property have been organized, and the women's committees and commissions have committed all their resources to make the projects successful.

As was pointed out at the conference, the results as a whole are unquestionably good, in that they are reflected in the achievement of the targets set in the plan. When analyzed in the spirit of high revolutionary standards, however, the actual situation reveals that there are still cases, sometimes very serious ones, of lack of responsibility for material assets entrusted for management, damage to socialist and private property, and violation of the law. But the discussions were not general in nature; reference was made to facts, specific examples, to show openly the harm that can be done by lack of attention and superficiality, tolerance of small errors, or abuses, which, when overlooked, are magnified and degenerate into serious offenses requiring intervention by government authorities. In 1988 the retail trade inspectorate applied a large number of disciplinary penalties, going as far as dismissal from employment. There were also cases in which intervention by the legal authorities was necessary.

There are obviously tens of thousands of honest workers employed in retail trade who comply with all the legal regulations in force. But there are also some who consider the outlet where they work to be their personal domain, which they take the liberty of operating just as they see fit, even going as far as to deceive customers. Inventories have shown that these workers create administrative surpluses (which later go into their pockets) by selling at inflated prices, not selling at full weight, failing to comply with manufacturing formulas or technologies, and illegally introducing goods. Dishonest elements, including women, have also created a source of income with the stock level reduction provided by standards in force, especially for rapidly selling food products. The conference also discussed the practice, often reported by citizens, of concealing goods so as to give preferential treatment to "select customers" at inflated prices. Many of the irregularities discovered are due to ambiguous records, highly involved financial accounting documents that can, of course, conceal theft and damage (for a while).

It is a surprising fact that in most cases these dishonest acts could have been discovered at their inception and halted if the control authorities, especially management inspectors, had done their duty thoroughly. The perfunctory approach displayed in more than a few places in control operations has fostered the existence of dishonesty in some situations. What is more serious is that some of them have changed from being inspectors to supporters of corruption or even inspirers of acts of dishonesty or theft of public property.

It is true that punishment has been harsh, in keeping with the offenses. But, at the conference, the question was naturally raised of how these elements bent on enrichment without work could have made their way into retail trade. The answer is the hasty hiring of insufficiently checked persons of doubtful morality for management positions in disregard of the provisions of the law. The tolerance of

violations displayed, even at the level of directors and chief accountants of retail trade enterprises, has created a climate favoring the commission of offenses.

It is easier to prevent than to eliminate the consequences of an offense. The factors favoring theft and speculation, and the enrichment of dishonest individuals at the expense of customers and to the detriment of public property, were discussed with bitterness and regret, but openly and forthrightly, the purpose being to learn all the lessons and draw all the conclusions necessary for fashioning measures that, along with the contribution made by the women's committees and commissions, will lead to prevention of offenses such as those discussed at the conference. How? A well-known fact was pointed out: that there is no lack of specific means, forms, and possibilities of action. What is lacking is proper and firm use of them. It was noted, for example, that the chairwomen of the women's commissions of retail trade enterprises belong to workers' councils. In this capacity, they can play an important part in detecting at the outset and halting negative phenomena and incorrect attitudes. Women, who make up a large part of the members of these collective management forums, can bring about a responsible attitude toward the findings of the worker control teams and the reports of citizens. This obligation is not being fulfilled everywhere, as required by law.

Heavy emphasis was placed at the conference on improving political education work and increasing the efficiency of the initiatives undertaken. Campaigns to publicize the law have been organized in the past, of course, but possibly not enough stress has been placed on the negative consequences that violation of law, an offense committed by a woman, has for the staff and her own family. Initiatives and forms of political education work specific to this sector of activity were mentioned: speeches, discussion of cases by the entire staff, condemnation of offenders on the spot, and so forth. Facts, the objective situation, indicate that the number and quality of these initiatives are not always commensurate with requirements. Customers are not always treated with the proper respect and concern, and discipline and order do not represent a general characteristic of absolutely all retail trade employees. And, unfortunately, such attitudes are not attacked everywhere with proper intransigence, even by members of the women's commissions, to put an end to the various violations for good.

One of the main findings of the conference is that the women's commissions should become more deeply involved at all echelons of retail trade activity, from acceptance of goods to their preservation and storage, and from display of products to skillful demonstration of them to customers when this is requested. The quality of the women employed in this sector as good housekeepers must make itself more strongly felt on the job, in shops and stores, in the form of perfect order and cleanliness. Certain model retail outlets were mentioned at the conference. This is all very well, but customers want all retail trade outlets to be model ones, and this is entirely

retail trade outlets to be model ones, and this is entirely possible. It has been suggested in this context that the members of women's committees and commissions participate directly in control measures, including those of the worker control teams, and take action to ensure that the deficiencies found will be eliminated immediately.

These are only a few of the practical findings of this interesting conference, which was attended by the chairwomen of the district women's committees, the chairwomen

of the women's commissions of certain retail trade enterprises, the chairmen of the district trade union commissions of this sector, representatives of worker control teams, and retail trade management cadres. In other words, a large number of the persons who can make an effective contribution to improvement in retail trade activities and better satisfaction of public demand were present at it. Hence, all conditions exist for assuring that this initiative of the National Council of Women will have positive consequences in this important area of economic and social life.

CZECHOSLOVAKIA

ATB/B-2 Data Published; Upsetting Strategic Balance Criticized

Description of ATB/B-2

24000131b Prague *ATOM* in Czech
No 3, 1989 pp 27-28

[Article by Milos Krampera: "The American Bomber: ATB/B-2"]

[Text] At the request of the leadership of the USAF, under the aegis of its "Have Blue" program, the American aircraft industry has been intensively developing combat aircraft under the "Stealth" concept, i.e. aircraft characterized by suppressed radar reflection, reduced infrared and electromagnetic emanations and reduced external noise and visual observability. The first type of Stealth aircraft is the fighter-reconnaissance version, probably called the F-19A. The second type is the ATB (Advanced Technology Bomber), also called B-2 by the USAF leadership. The development and manufacture of the B-2 prototype was entrusted to the Northrop firm with Boeing, LTV, and General Electric as major subcontractors. The B-2 prototype is currently being prepared for air tests at Edwards Air Force Base. Its introduction into the arsenal of America's strategic air service is planned for 1992, when it is gradually to replace the B-52H. The purchase of a total of 132 B-2's at a price of US \$47 billion is expected.

The B-2 is designed for unobserved penetration of the enemy's air defense system at any altitude. At its optimum velocity of Mach 0.85 it has a range of 9000 km. Its maximum mission weight runs between 110,000-122,000 kg with a maximum payload of weapons and equipment of 16,000-18,000 kg. According to accessible public sources and information, it is an aircraft constructed like a flying wing with the angle of sweep of the forward edge at about 40 degrees and moderating narrowness, which, according to computer simulation, is supposed to ensure the minimum equivalent radar reflective surface. The width of the flying wing is estimated at 40 m. The propulsion unit is comprised of four General Electric F-101-GE-102 jet engines, each with a static thrust of 76 kN without auxiliary combustion. The thrust to mass ratio is estimated at 0.25-0.28:1. The motors are to be mounted flush along both sides of the center of the flying wing. Openings for the air ducts leading to the engines are expected in the leading edge of the wing or under the wing. Small triangular vertical stabilizers are placed alongside the propulsion unit. The principle control surfaces are winglets combined with flaps on the trailing edges of the flying wing. For control and maneuvering, exhaust jets have also been included, which enable directional manipulation of the thrust of the engines. The most up-to-date materials—titanium and its alloys, composite materials (expoxide/grafite, honeycomb layers, carbon fibers, and ceramic materials) are to be used in its construction. They are characterized by a free molecular, irregular and porous

structure, which in a honeycombed and sandwiched configuration absorbs electromagnetic radiation. Similarly, carbon foams are used to reduce thermal radiation in the area of the propulsion unit and other auxiliary systems for external air cooling. The on-deck electronic system of the B-2 is supposed to make possible operations in any external environment, it is founded on the most up-to-date technological foundation—VHSIC-type very high-speed integrated compasses, and modularly configured flight and navigation computers augmented by artificial intelligence systems. The aircraft's automatic pilot system is to be of the "Fly-by-Light" type (commands carried over optical fibers). Communications equipment will use the EHF frequency range (10-300 GHz), in through a combined satellite communication and navigation system. To further reduce the likelihood of enemy detection, the aircraft is to be equipped with an ECM system using deceptive jammers as well as passive means. Flight data are depicted on multipurpose color monitors and two forward visual displays in the 4-man cockpit. In addition to the IBM "Pave Pillar" high-speed computer, many primarily passive sensors, a bistatic radar, an FLIR full-lateral infrared scanner, and a laser locator are included in the weapons subsystem. Armament is to be composed of B-83 nuclear bombs, AGM-86B and AGM-129A cruise missiles, and AGM-131 ASRAM II missiles. The B-2's are to augment the B-1B strategic bombers and thus enhance the air attack potential of the American strategic forces. Before the upcoming first takeoff of the B-2, the Pentagon has initially released a drawing of the aircraft and later (22 November 1988) even opened the doors to factory 42 of Northrop's Palmdale plant, where the first prototype was kept.

Caption of Drawings

Drawing of one of the first possible designs of the ATB: 1—4-man cockpit, 2—bistatic radar, 3—ECM antenna system, 4—laser radar and infrared receptor (FLIR), 5—forward undercarriage, 6—screened area for on-board avionics and electronics, 7—placement of the main ducts for air to the engines, 8—"ripples"—for reducing electromagnetic radiation, 9—rotating cells for bombs or 8 guided missiles, 10—main undercarriage, 11—auxiliary air ducts, 12—4 F-101-GE-102 engines, 13—auxiliary cold air ducts, 14—grills made from material which suppresses electromagnetic radiation, 15—exhaust jets, 16—elastic flappers, 17—spoilers (sloped lengthwise), 18—horizontal winglet (elevator and braking device), 19—wing fuel tank, 20—central fuel tank, 21—possible "Stealth" missile carrier, 22—exterior wing casing (based on a ferrite solution, it suppresses electromagnetic radiation)

Drawing of the Future ATB/B-2 Bomber

Anticipated Silhouette of the ATB/B-2

Prototype of B-2 Bomber

24000131b Prague *LETECTVI A KOSMONAUTIKA* in Czech No 3, 1989 pp 242-243

[Article by Pavel Tyc: "The Northrop B-2: An Assault on the Strategic Balance?"]

[Text]

To B-2, or Not To B-2

Yea, see what America has! It is 11:30 in the morning, 22 November 1988, precisely a quarter century after the assassination of President John F. Kennedy, and the gate of the special hangar of Plant 42 in Palmdale, California, is opening. A fanfare composed especially for this occasion is played by the 15th Air Force band and before the eyes of the barely 500 selected guests—the elites of industry, influential politicians, and members of the Pentagon hierarchy—appeared an ultramodern aircraft, a flying wing, the next generation of strategic bomber, the secret Stealth: the Northrop B-2.

Everyone on the reviewing stand (and among them were even 50 selected "good" American journalists), and television cameras, can see the new model only from the front. Sentries with dogs are arranged around the machine, a screen has been stretched before the hangar, photographing from other angles is forbidden, no one may approach the airplane, and America, this land of show business, can shine in the "modest" scene shown on monitors and television sets throughout the world. And that is completely in the style of what is rightly called information imperialism.

The population of the United States represents only 5 percent of the world's people. But the USA controls 35 percent of the mass communications media, 50 percent of motion pictures, 75 percent of television programs and 90 percent of television news. These instantly carried pictures of the sensational exhibition of the B-2. The enormous 5-pointed star (formed of five silhouettes of the B-2) painted on the concrete surface, where the prototype, Air Force serial number 82-1066, had been towed, the "understated" decoration of the front of the hangar with an American flag, are all props of ideological agitation with a pronounced chauvinist aspect. Manipulation of public opinion is carried out for the benefit of the ruling class and the word defense has multiple uses. To arouse in the thoughts of the people feelings of loyalty to an otherwise absurd armament, ostensibly objective information has been prepared for consumption in such a way that only from this expertly, and (let us concede) highly professionally selected and manipulated data can recipients make the requested "independent" assessment. Which will be precisely what the providers of the information want them to form. To this is added the persistent propaganda of force, the cult of violence and the reliance on technical superiority.

"Looking the strategic stalemate in the face," wrote Mikhail Gorbachev in "Perestroika" and, under the new thinking, "it would seem logical to stop the arms race and get on with disarmament. Something else, however, is going on. Already overfull arsenals are supplemented with new, still more perfect, types of weapons and new directions are pursued in the development of military

technology. The tone of this dangerous, if not catastrophic, activity is set by the United States." The new Northrop (we will present a more detailed description in future editions of L & K) is an undisputed concentration of the most modern technology, not only in aeronautics, but in industry in general. This was also duly emphasized in the commentaries. A simple person is to understand it thusly: The best technology is American, and therefore the best people are Americans.

But what Americans does it concern in particular? Necessarily those who sit on the stand and who "made" that bomber for the USAF? The Chairman of the Board and Chief Executive Officer of the Northrop Corporation, Mr. Thomas V. Jones?

Who in reality is the man, who is boss of the firm bearing the name John Knudsen Northrop, the genial builder of, among other things, the XB-35 and YB-49 flying wings, who was persecuted during the era of McCarthyism for anti-American activity, and on whose behalf Secretary of Defense Louis Johnson and Secretary of the Air Force Stuart Symington—both in the service of a competitor, the Texas Convair company, which produced the B-36 strategic bomber—both delivered personal testimony?

That Tom Jones is really a "good fellow," a typical self-made man. The son of a California accountant, graduate of Stanford University with an engineering degree, he worked for Douglas during the Second World War, then spent four years in Brazil, later worked in the American Air Force's brain trust, the Rand Corporation of Santa Monica and from there went to Northrop. He was the director of planning, then company president, and finally, while only in his forties, became Chief Executive Officer in 1960. It was clear to him that he could not compete with giants like Lockheed and so he initially worked in the area of light and cheap fighter aircraft (F-5) designed for foreign customers in Europe and the third world. He achieved resounding successes in spreading American influence and the influence of his company. Among his good friends he counted even Prince Bernhard of Holland. His company's practices for filling state orders more than once became a topic of judicial inquiry. During one Congressional hearing, Senator Clark told T.V. Jones, "I am rather dismayed, by what can be identified as irresponsibility existing inside your company."

Tom Jones is the exact opposite of the founder of the company, Jack Northrop, who was an aviation pioneer. Jones's principle driving force is the single-minded lust after, and endeavor to acquire, money and power. And by any means whatsoever. In the 70's he was already portrayed in the American press as a "renaissance man" and a "glittering personality" of Los Angeles. His life style in an enormous stylish ranch-style house in the foothills of the mountains near the luxurious Bel Air quarter with his wife, the daughter of a famous film star, was an example of American success. Liberal "Brazilian" picnics with roast pork on the spit, a collection of French paintings, selected French wines in the house cellars (as becomes a connoisseur), but also control of the

Los Angeles Times, membership on the Board of Trustees of Stanford University or on the Council for World Affairs, this is a concise profile of Tom Jones, manufacturer of billion-dollar products—but, unlike other wares, these are weapons of enormous destructive power, which threaten the very existence of civilization. And this man, loyal to his class, always gave engrossing speeches on the theme of the so-called Communist menace. This prefabricated and dangerous phrase is a formula of the U.S. military-industrial complex and, in the time of the "Soviet military threat," was always readily brought out and intensively spread to form public opinion in periods when Congress was supposed to approve outlays for arms. Winston Churchill's speech at Fulton in 1946 when he lowered the "iron curtain" and called on the English-speaking countries to unite to contain Communism and the Truman Doctrine of open anti-Communist and anti-Soviet policy, proclaimed in 1947, are the pillars on which the American strategic air service, with its goals and risks, rests. (See L & K 64, vol 11 and 25, pp. 402-404 and 962-964.) The U.S. Air Force was established as an independent branch of the armed services on 18 September 1947, and since that time piloted bombers were always proclaimed as the force of "nuclear deterrence" or, better said, "nuclear intimidation." In reality this air force was supposed to secure for the United States a dominant position on the globe and reinforce its leading role in the so-called free world. Attesting to the dishonesty of the slogan of the Strategic Air Command (SAC), "Peace is Our Profession," are the plans for nuclear strikes on the USSR, the first land of socialism, which were worked out by military actors and the U.S. National Security Council, not merely as a response to military attack, but as a means of resolving the situation in which the reactionary forces of world imperialism had been placed by the actions of the progressive changes in the direction of socialism in many of the world's countries. The Americans themselves admit that the prospective Northrop B-2 strategic bomber, called "Stealth" (L & K 63, 1987, n. 20 and 21, pp. 762-724 [as published] and 802-804) and considered by representatives of the U.S. Defense Department a bold technological breakthrough, only strengthens the "nuclear deterrent," so that security is not enhanced at all. Precisely the opposite. Rather the entire spectrum of Soviet defense must run a long-term risk and assume enormous outlays for the defense of the Soviet Union and its allies against this type of aircraft, while the far-reaching demands for modernizing the air defenses to counter the Rockwell International B-1B bomber and cruise missiles continue.

Aside from economically exhausting the USSR, the more flexible structure of the strategic Triad arising from the inclusion of the B-2 will also create a greater area for political maneuvering by the ruling class of the capitalist world, which is endeavoring to dictate future courses of development. The authoritative American technical magazine *Aviation Week & Space Technology* literally wrote: "...traditionally strategic bombers have been looked upon as stabilizing second-strike weapons.

Unlike strategic missiles, they fly slowly and can be recalled from the attack. But if the B-2 proves to be in large measure invisible, the Soviets may consider it a destabilizing first-strike weapon..." On the same page of AW & ST there is discussion that, for the price—by which "one is struck"—spent on development of the B-2, it would have been possible to acquire a thousand new fighters and strike aircraft for the USAF. Among which would be carriers of tactical nuclear weapons which provide the means for conducting lower intensity conflict outside the territory of the USA, which to certain planners does not seem as improbable as global nuclear conflict. Misgivings about the USA's "most modern" bomber, the development of which was begun more than ten years ago (while part of the technology started to come into being in the early 70's and requests for it were made twenty years ago), is strongly felt in the present—in a completely different world, politically. Arms expert John Pike from the 5000-member Federation of American Scientists said on this subject: "Reagan and Gorbachev announced that there can be no winner in nuclear war and it must not be let loose. The Pentagon apparently does not agree with this, because it requests weapons designed to win a world war."

The first official acknowledgement of the existence of the program issued from the mouth of then-Defense Secretary Harold Brown on 22 August 1980. In the election campaign President Jimmy Carter made it the "Democrats' bomber," as opposed to the "Republicans' bomber," Ronald Reagan's B-1B. It is interesting that crews call the B-1B a "flying dinosaur"; in the process of easing tensions, the B-2 is like a fossible monster from earlier ages. Nevertheless, its military aspects are not negligible. Former Air Force Secretary Edward C. Aldridge announced that, "...the B-2 in essence makes Soviet radars ineffective, because they are not capable of finding the aircraft, except at very close range" and "the whole point of this aircraft is to put mobile and hardened targets in the Soviet Union at risk. That is what deterrence is about..." There is now an endeavor underway to upset the military-strategic balance with the help of the Northrop B-2. According to a report made by an Air Force spokesman, it is the most secret military project since the development of the atomic bomb (under the cover name Manhattan) in the years of the Second World War. Thorough security measures apply to all of the approximately 34,000 persons participating in development and manufacturing at the Northrop corporation and other main subcontractors—Boeing, LTV Aircraft, General Electric and Hughes.

That the Stealth program is carried out in the USA under the veil of the strictest secrecy is clearly borne witness to by the following fact: the first operationally employed Stealth aircraft, tactical Lockheed F-117As had been flown operationally by the 4450th Tactical Air Command in Nevada for five years before the USAF last fall would allow one uncensored photograph of the airplane. At that time, there were already over 50 planes. The

photograph shows that all previous kite-shaped reconstructions shown media did not resemble the real thing even a little. The release was allegedly made to permit a shift from flights only at night (for the sake of secrecy, even from the population) to day flights. This also supposedly was the main motivation for the public introduction of the B-2. Flight tests of this plane (which will take place at Edwards AFB) at night or in the wilderness were never considered.

The B-2's are taken seriously counted in intimidating military plans. The prototype was manufactured on an assembly line from which 132 aircraft are to come. In fiscal year 1988-89 over 140 million dollars had already been allocated for the construction of hangars on the first operational base. It is to be Whiteman AFB located 70 km south east of Kansas City. For tactical reasons, the Air Force has not requested any money for the B-2

program for fiscal year 1990; critical billions had already been released in previous years and this will make easier the Republican President George Bush's initial task of pushing through the military budget which the new president froze upon entering the White House. The Democratic Party's majority of representatives and senators controls Congress and observers judge that they will continue to support this, "their" bomber, in the future.

The taxpayer therefore asks: "Can a plane be worth all of half a billion dollars?"

Caption

A photograph of the aircraft from the front taken by a reporter for AVIATION WEEK & SPACE TECHNOLOGY

CZECHOSLOVAKIA

Law on Enterprises With Foreign Participation *2400123b Prague MODERNI RIZENI in Czech* *No 2 1989 p 49-53*

[Article by Eng Jaroslav Smrcka, PhD, candidate for doctor of sciences, Central Institute for National Economic research, Prague: "Enterprise Management: Law on Enterprises With Foreign Ownership Participation"]

[Text] It has been possible to form enterprises with foreign participation, under very general principles, since the fall of 1985. After evaluating initial experiences a law was drafted covering enterprises with foreign participation. This law, No 173/88, was passed by the National Assembly in November of 1988. This law establishes a firm legal foundation for more intensive forms of cooperation with socialist and nonsocialist countries.

One of the main sources of economic growth is the development of an international division of labor in commerce, science and technology. More sophisticated forms of cooperation, including direct cooperation and specialized agreements, license sales, joint R&D projects, and joint ventures are gradually gaining in importance in all socialist countries. While in recent years in most socialist countries the number of joint ventures has increased sharply (especially joint ventures with ownership participation from nonsocialist countries) this important organizational form has been hardly used at all in our country. One of the main reasons for this state of affairs has been a lack of a firm legal foundation.

This situation has changed with the passage of the Law on Enterprises With Foreign Ownership Participation, which took effect on 1 January 1989. This law codifies the economic, legal, and organizational provisions for the establishment of enterprises involving the ownership participation of legal or physical persons having their headquarters (or residence) outside the territory of the CSSR. Czechoslovak participants can be only legal entities established according to Czechoslovak law with a headquarters on the territory of our republic. The legal entity under this law is understood to be a joint venture headquartered on the territory of the CSSR that has been set up based on an agreement between at least one Czechoslovak and one foreign participant. The same provisions apply to foreign participants from socialist and nonsocialist countries. Joint ventures may be organized mainly as stock companies according to Law No 243/1949 concerning corporations.

Joint venture participants usually invest part of their capital. The original entities do not enter fully into the organization that is established (if one or another participant commits all the capital of an existing enterprise, so-called merger results). Steps are usually taken to set up a joint venture when the participants have at their

disposal resources that supplement those of the other. One has, for instance, financial resources available, a second may have technical and managerial expertise, and a third may have experience and knowledge. The merging of resources in a joint venture makes it possible to achieve a synergy that cannot be achieved by either of the participants themselves or by other use of their resources.

The law is drafted so that joint ventures can be established in all areas of the economy except those important for defense and security. Partners are particularly welcome in advanced, technologically sophisticated industries with export potential which can substitute for expensive imports, or which can produce goods currently in short supply on the domestic market. These criteria can currently best be satisfied by joint ventures with ownership participation from developed capitalist countries (even though rapid growth is currently under way in a number of fields in socialist and some third world countries that is beginning to play an important role even in sophisticated world markets and make it possible to search for interesting venture partners for our enterprises in these areas as well). The main criteria for success of the law will, therefore, be the extent to which it succeeds in attracting capital to the target industries.

The law has substantially simplified the approval procedure. Previously, initial requests for joint ventures had to be approved by ten central agencies and later by an additional four. The current procedure requires approval only from the appropriate branch agency and the Czechoslovak State Bank.

During discussions of the draft law the issue was raised of whether or not to allow foreign participants to have a majority ownership interest. The final alternative of the law allows for majority foreign ownership. Theoretically this allows a foreign firm to own 99 percent of a joint venture. The application for a joint venture must be submitted by the Czechoslovak participant. It must include the capitalization, participant shares, profit and loss distribution, participant representation on enterprise boards (usually equal to ownership shares). Decisions are made on a case by case basis by the approving agency.

Because a joint venture is not a state enterprise the state plan cannot include directive objectives for it in the form of specific assignments, required state orders, or limits. This is quite normal for capitalist participants, but for our firms this reality significantly increases their opportunity for independent decision making and for establishing relationships with other cooperating partners.

The most important aspects of the law cover:

- financial management;
- foreign currency management;

—resource transfers to foreign countries.

The law includes several attractive provisions in the area of financial management for both our participants and those from other socialist countries. Regarding transfers to the state budget [taxes], an updated Law No 161/1982 provides for a transfer of 40 percent of the joint venture profits to the state budget (compared with the base rate of 75 percent for state economic organizations). Social security contributions are set at 50 percent of the payroll, just as in other organizations.

A second concession is that joint ventures are not required to set up a retained earnings fund, although it is suggested that they do so. They are required to set up only a capital reserve, a cultural and social fund, and a special compensation fund. The law further provides that joint venture funds cannot be confiscated.

Foreign currency management provisions are quite liberal. During decisionmaking regarding the establishment of a joint venture the regulation of foreign currency management will serve as a positive motivating force for both our firms and their potential foreign partners. For instance, joint ventures are not required to offer their own foreign currency to the [CSSR] foreign currency bank for repurchase under special regulations that apply to other enterprises. Joint ventures have the right to manage their foreign currency as they see fit within the context of legal activities.

A joint venture can establish accounts in a foreign currency at the Czechoslovak Foreign Currency Bank or at a foreign bank. It can accept loans in foreign currency from the Czechoslovak Foreign Currency Bank or from a foreign bank with approval of the Czechoslovak State Bank.

The transfer of capital abroad relates to foreign participants and also has liberal provisions. A differentiation is made between transfer of share ownership capital and transfer of profits. Ownership capital may be transferred when the joint venture is liquidated or when ownership participation is reduced. The amount transferred cannot exceed the share of the joint venture capitalization and must be in the same currency. Foreign participants may transfer their entire share of the foreign currency profits from the joint venture. The transfer of profits procedure in Czechoslovak currency is not clear at this time.

Foreign employees of a joint venture may transfer their incomes from employment in the joint venture abroad. The joint venture is also allowed to transfer abroad amounts needed to cover social security of its foreign employees, or to transfer these payments according to the directions of the employees. Under the law, social security is defined as insurance covering health and pregnancy, payments for children, accidents, pensions, and unemployment. The source of these transfers can be only the actual internal foreign currency capital of the joint venture.

Other parts of the law cover mainly questions of socioeconomic information and provisions for the termination of a joint venture. The law, for instance, specifies liquidation as the form of termination of a joint venture and provides procedural details.

Similar laws have existed for varying lengths of time in most other socialist countries. This allows us to make a detailed comparison of some of the important elements of these laws.

Some socialist countries (Yugoslavia, Hungary, and the People's Republic of China) laws allow physical persons to set up joint ventures. This possibility exists mainly in countries that have well developed private enterprise and the legal provisions to support it (for instance, in October 1988, Hungary passed a law on corporations which unified the provisions of various types of legal ownership, e.g. state enterprise, cooperative, private and joint. Under this law privately owned firms with up to 500 employees can be established, and these enterprises can be merged with other types of enterprises).

In terms of ownership share some socialist countries still allow only a minority ownership of up to 49 percent for foreign participants. (Bulgaria and the USSR have such laws.) These countries are considering removing this restriction, however. At the other extreme are socialist countries which instituted management reforms earlier (Yugoslavia, Hungary, People's Republic of China). These countries updated their laws in 1988 or earlier to allow for possibility of so-called direct investment, i.e. 100 percent foreign ownership. Typically these provisions are limited to selected industries or territorial sections. For instance, in the People's republic of China direct investment is permitted only in so-called special zones, where special regulations apply.

In the area of financial management, most socialist countries offer tax breaks or require no tax payments in the first years of a joint venture operations. In Poland, for instance, either tax breaks or full tax abatements can be granted for the first three years of a joint venture that exports most of its output to hard currency countries or which focuses its activities on specific societal priorities. Our law on enterprises with foreign ownership participation also allows for lower tax rates, no tax payments at all for two years, or adjustments of the in tax base.

The law on enterprises with foreign participation can be included among the highest quality legal standards that we have yet adopted in relation to restructuring of the economic mechanism. The general provisions of this law are relatively simple, consistent in content, very favorable for our participants and participants from socialist countries, and in many ways also favorable for participants from nonsocialist countries as well. In the most important areas of joint venture operations, the law is roughly comparable to the laws of other socialist countries.

The economic and legal conditions of joint ventures can be changed relatively rapidly. Based on experiences we are beginning to accumulate, it will be possible to fine-tune specific elements of the law or of related legal acts that supplement it without any trouble. Changes due to the qualification, technical, financial or social aspects of the law will take place more slowly. In this area, however, we have at our disposal previously untapped resources which complement the factors of foreign investors. The merger of these factors in the form of a joint venture makes it possible to incorporate them more effectively into our own socioeconomic development.

Joint ventures can represent "a pike in a pond." With regard to our highly monopolistic production structure in many industries we should provide priority incentives for setting up joint ventures in areas where we would be unable to create competitive conditions by simply dividing up VJH or larger enterprises into smaller units, or by increasing imports.

When searching for foreign partners, we have to proceed very cautiously, because this form of organization typically ties up for a long time significant financial, human, and other resources. It has a high potential for social efficiency. This efficiency can be realized, however, only by properly focusing the activity of the organization and by taking maximum advantage of the capabilities and qualifications of managers, technicians and blue-collar workers.

Capitalist Cost-Reduction Method Adoption Urged

2400123c Prague MODERNI RIZENI in Czech
No 2, 1989 p 5-8

[Report: "Introduction: Respect for Value"]

[Text] Economic reform, which is the economic component of restructuring, renews the "right of value," emphasizes the valuation aspect of economic processes, and emphasizes their quality. But is this really being taken as seriously as it is being discussed? This article poses the same question and gives a critical answer.

The causes of current economic shortcomings include a negligent attitude towards value, underestimation of the law of value, a lack of integration between value and material (in kind) considerations, etc. It is necessary to "return to value," "to esteem value," "to respect value," and so forth.

Everywhere that an economy is based on limited resources and resource allocation has to have limiting criteria, and where even consumption has to have some objective constraints, in other words, in all current economies, there must also be general regulation of the movement of economic factors.

The historical process itself has shown that value can fulfill this role. Even ancient thinkers meditated that things are made either for use or for sale. They consciously looked for this dual value in everything. Later the first value was named consumption, use, or utility value and the second the sales, monetary, or exchange value.

Marxism, which is based on classic English economic thought, found the source of both types of value in labor and stirred the recognition of value. It uncovered capitalism as a "value order" and identified its basic motive law as the "assessment of value," as the formation of "surplus value." Marxism explained how use and exchange values are related and how in capitalism exchange value is more important than use value.

Labor and its product; labor and goods, this is the starting point of Marx's Kapital. Marx's work moves step by step from this simple, but meaty assertion to the formation of the overall process of expanded capitalist reproduction. We are constantly accompanied by value, its creation and change.

Value and the law of value have been and remain a hard nut to crack for economic science. When now, in our economy, we renew the "rights of value," we should also beware of oversimplification and look respectfully at what science has discovered, and with even more respect at what is meant by the overall "value program."

The amount of labor and the work time available to a given society, always, in one way or another, determines production, wrote K. Marx in his exchange of views with B. Engels. Labor is the source of value, but not just any labor. It must be socially necessary labor, defined as labor that must be qualitatively and quantitatively expended, at a given level of production sophistication, on a specific product or service.

Socially necessary labor is an abstraction but it is one of those useful abstractions that is used in daily life. It is not even the work of a single enterprise, but the average of the work of various enterprises. It is not calculated net quantity. It expresses a certain amount of work that must be expended to meet the needs of a society, as well as the movement and trends in labor inputs that are necessary in a society to produce one or another product or service.

At a time when the economics of individual societies are being joined—in our country for instance one third of our national income comes from foreign economic relations, roughly defined as foreign trade—one has to take into account the condition and movement of labor in more than one society, indeed in all those economies where national labor is adding value, i.e. those countries from which we import and those countries to which we export.

Socially necessary labor—the basis of value—is then a theoretical abstraction. It is not the sum of the work performed in one enterprise. One cannot point to it, and catch it, and say, “this is it.” Nevertheless it is a theoretical abstraction that is so important that businessmen around the world are on the lookout for it, follow it, make decisions based on it. They constantly watch who is producing what at what cost, who has succeeded in increasing the use value of a product while decreasing its exchange value, who is producing goods of higher quality and who is producing goods at lower cost.

It is easy to determine who is producing what at what price. The stock exchanges show this, and if it is a raw material or mass produced product then it is in the price list or the bid provided by the firm at the customer's request. The real secret is who is producing what at what cost, how much material is used and how much does it cost, how much time goes into a unit and how much does that cost, how much overhead is involved and how much profit is made.

When one hears that owners talked confidentially about business, the probable agenda was these murky questions; why someone can and another cannot deliver a particular product of a particular quality for a particular price. Other topics include what is being done to make a product the best and least costly on a market. Whoever is able to improve on standard levels of quality at lower than socially required costs will show a profit; whoever lags behind will find himself in “red ink” and show losses.

Capitalist entrepreneurs and managers are frugal people. Not because they are poor, but because this is the main front in the competitive struggle. Frugality is not a distress, it is a great economic art. (It turns into a distress when it is not related to forward movement, but to marking time).

According to K. Marx, capital fulfills a “civilizing function” by teaching people to produce goods at the lowest cost. Labor productivity, product quality, and low costs are the “magic triangle” within which capitalist enterprises operate. They go to a school where constant cost reduction is the curriculum.

Capitalist entrepreneurs and managers save to improve efficiency, but not if it will cause damage or remove something from production. Nor do they cut costs “at any price”, i.e. in cases where savings in one area would be offset by a loss in another. They save with a constant view to efficiency, after comparing what goes into production and what comes out of it.

In our country we are now invoking value, but we do not esteem it very much. We are rehabilitating the law of value, equivalence of exchange based on labor content, but we do not have it ready. We are again in danger of

implementing value and value equivalence in accordance with their objective nature instead of according to our objectives. This makes us perceive them as disruptive influences.

Our prices and wages do not correspond to value. This is not an accident, because of an imperfection, nor is it a temporary deviation. It has happened because prices have been formed without any consideration for objective value. We adjusted wholesale prices after great efforts as of 1 January 1989, but despite all kinds of introductory declarations socially necessary labor was not made a part of the new formation methodology. It should not even be necessary to go into greater detail about how our wages are far from objective value relationships, or about how this is not an accident but the result of no one paying attention to it.

The new wholesale prices do not bring us closer to socially necessary labor, to essential social production costs, to value. Rather they move us away from it. They do not get us closer to international value, rather they put us a few steps farther away.

We have become accustomed to high costs and it is as if it did not matter to us. To be sure we criticize this frequently but we have not been successful in changing it. We have announced economizing measures in materials, especially in metals, fuels and energy, but results have been unsatisfactory and in some cases counter to what we wanted to achieve.

We have taught our managers to work with wholesale prices. This has resulted in a situation where the “smart” person is the one who shows the highest initial production costs, the one who is capable of “spending” as much as possible, so the resources won't be taken away in the next period. It is an immense task to turn around this habit of being indifferent to costs and of wasting resources.

It is impossible to get around value as an objective category of economic practice. In the end it makes its presence known in the form of disruptions in deliveries, increasing costs, and lost position in international trade. Inevitability is evident not only in the course of development, but when deviations from it are announced as difficulties.

Now when we are invoking value, value relationships, and the law of value we should not stop by talking about them nicely, but really and forcefully turn our economic work to value, to what is socially necessary in labor and socially necessary production, to exchange only necessity for necessity, and not waste resources and overprice.

The only way to arrive at socially necessary costs and to a regulation of production by value is to reduce production costs, and we lack the knowledge, talent, habits, and an overall atmosphere to do so. Everyone should follow

the dictum: Manage well and watch the numbers so that everything costs just what is necessary; declare a war on wastefulness because it is rubbing us at every turn.

Possible Types of Management Discussed

24000105a Prague NOVE SLOVO in Slovak
2 Mar 89 pp 6-8

[Article by Jan Ferianc, corresponding member of the Slovak Academy of Sciences: "What Type of Management?"]

[Excerpt]

Approaches in the Socialist Countries

[Passage omitted] How shall we proceed here in training people and educating managers, considering also the approaches and procedures used in other socialist countries?

There are interesting approaches not only in Hungary and the USSR, but also in the GDR where they have shown markedly greater progress than we have from the standpoint of management systems and training people. For example, the system of connecting science and research up with practical matters, including a solution to the question of material incentives, which they approved several years ago in the GDR was not met with understanding here. Yet it is a very important part of this group of problems, one of the key features of the management system as we have already pointed out.

There has been an unusual amount of movement in this field in the USSR in recent years. There is already a number of plans and practical results as well. An advanced commercial school is being established (within the system of graduate schools) which will concentrate its curriculum on finding solutions to the weakest aspects of the current management systems in the Soviet Union. Emphasis is placed on marketing which is supposed to recognize the needs of domestic trade, but especially the needs and opportunities in the current world markets, in opening up the Soviet economy to the world. Connected with this is the recognition of the current "terms of trade" (conditions of modern foreign trade), systems of banking and insurance, trade transactions calculations, and a more responsive and rational organization in the domestic economy as well as abroad, under conditions where the dynamism of technological innovations and the product innovations connected with them leave nothing in its original state. For example, there is the strong emphasis on the importance of preproduction and postproduction units. Marketing employees are not after all entirely passive salespersons for what has been produced, but are the primary feelers put out to the world and domestic markets. They account for 60 to 70 percent of innovative suggestions and ideas. And these are the kind

which do not require extensive research and development, but a ready application of well-known principles (technological, economic, social, etc.) in production and circulation, and form actually the most effective sources of innovation.

As an example from the USSR one can cite the new state cooperative in Leningrad "Energomash" in which enterprises with a great deal of *khozraschet* independence are joined (about 100,000 people all together) and where an entire one-quarter is made up of R&D units. The cooperative is considering getting up an independent commercial bank.

For the top level of management, a new center is being formed in Moscow for the education of managers to run large-scale entrepreneurial efforts spun off from R&D progress.

Time Manager International (TMI), which originated in Denmark (Klaus Mueller), has begun to operate in the Soviet Union. It currently is operating in more than 30 countries throughout the world. It is based on a personal philosophy of time utilization, thus on time economizing, in the sense of the old Latin "*carpe diem*" (use the day) or that yesterday is lost and tomorrow has not yet come. You must therefore rationally make use of today for the execution of large-scale goal-oriented programs. The TMI system has already been put into practice at more than 30 large enterprises to date, including such ones as the Volga Automobile Plant, the Kama Automobile Plant, etc.

The TMI system has broad application not only in production enterprises but primarily in services. Services, which in the advanced industrialized countries currently employ up to 70 percent of the total number of people employed, actually determine the shape of the economy in all its modern aspects. For example, this Danish firm solved the problem of the Swedish aviation company SAS which had been operating at a loss of years because of bad organization of all its services. Thanks to the TMI system, it again became profitable.

In the Hungarian People's Republic the orientation is toward training specialist managers at the universities, with cooperation also with foreign universities, including some universities in the USA.

As far as the situation here is concerned, one can say that to date the opinions have not crystallized on how to solve this great problem, not only in connection with the restructuring of the economic mechanism, but of all the social mechanisms up through the political mechanism, at all levels. This means everywhere where any kind of managerial work takes place, in production and in all branches of the tertiary sphere, which from the standpoint of management is among the most neglected here.

There have been many attempts and much experience at solutions to this problem. This includes the extensive system of institutes operating in industry, agriculture, domestic and foreign trade, etc. Among them is, for example, the Educational Institute of the Slovnaft specialized enterprise. We could name many others, up through the management institutes for the central agencies (in the SSR and CSSR governments), as well as all attempts with postgraduate forms of study or extension studies at higher economic and technical schools or universities. In addition there exists a very strong and numerous group of experts in the research institutes, practically throughout the entire R&D base.

But all these prerequisites have so far not been goal-oriented and conceptually directed at the training of capable managers, such as would know how to give serious and effective advice on the solution of the problems which life sets up, and who in their profession would stand in the front lines for progress in the development of the economy and society. They must truly have conceptual thinking and be ready to perform in accordance with it.

For conceptual thinking to be introduced, it is necessary to understand and to overcome the great one-sidedness and shortsightedness resulting from an incorrect understanding of the importance and unity of the individual spheres of the process of continuing production here.

The process of continuing production, which can be broken down into the relationship of production, distribution, circulation, accumulation, and consumption of each enterprise and the entire economy, after entire decades of distortion came to be understood here as just production. All other spheres—distribution, circulation, accumulation, and consumption remained neglected. And it is just this poor functioning or nonfunctioning of all these other spheres that creates the overall complicated nature of production itself or services themselves. These activities actually take on all the bad features or all the sins which result from the poor functioning of the above spheres. When we add on to this the complex 4- to 7-level hierarchy in the management systems, we can form a picture of the conditions under which the production or services organizations struggle on a daily basis.

The restructuring of the economic mechanism and the political and social mechanisms connected with it is directed at overcoming the innumerable barriers which every production or services enterprises runs into. This creates entirely new conditions for applying the management functions. This also creates a new content, directions, and forms for training and educating people to perform management functions. I do not suppose that it is necessary to emphasize particularly that it is not just a matter of the management functions at all levels starting off from these new conditions, but one of the managers being capable of creating programs and management systems as well, structures in which space will be opened

up everywhere for people's creative activities, and for them to operate in the domestic and world markets in place of the systems in which the people became the victims of the systems which they themselves created.

It is essential that the basic concept of training people for the performance of managerial functions be resolved! In doing this it is possible to make use of the potential of global experience and also to shift the educational system to a qualitative level which in all ways will be appropriate to the three great new facts of the modern era: the new, technological, cycle of the R&D revolution; the development of all the great authentic values of socialism which are being resolved in the restructuring of the economy and the society; and the new economic thinking in international politics and the general internationalization of the life of the economy and the society corresponding to that.

Ineffective Housing Maintenance System Criticized

24000105c Prague LIDOVA DEMOKRACIE in Czech
3 Mar 89 p 1

[Article by Pavlina Louzenska: "Shortcomings in Construction"]

[Text] Housing maintenance is one of the areas of our construction industry which the public follows with the greatest interest. This is natural since quality housing belongs among man's primary needs and the deficiencies in this sphere touch every one of us directly and quite strongly. It is therefore no wonder that the vast majority of the people evaluate our construction industry according to the results in this area.

There is no need to say much about how such evaluations come out; for most of us (unless we live in a family house or in a brand-new apartment building) it is enough to think about how "our" housing looks, and when it was last repaired, for how long, and with what effect.... Let us go over from the level of personal experiences to that of concrete statistical data. The figures draw us a clear, but gloomy picture of the current situation of maintenance of apartments and houses; 40 percent of the houses which are administered by the housing management organizations directed by the national committees were built before 1945, and over 220,000 apartments are in the third and fourth categories without the required technical equipment. In the opinion of the experts, a financial expression of the overall neglect today amounts to over 26 billion korunas for communal apartments, and almost 8 billion korunas for cooperative housing.

In other words, the construction industry, and thus our entire society as well, leaves much to be desired in this area. This fact is not, of course, a recent "discovery"; we have known about the shortcomings in the maintenance of houses and apartments for many years now. But for entire decades this problem has been shoved into the background and its solution was put off indefinitely with

the excuse that for the time being we lacked resources or labor. It is logical that such a way of thinking could only lead to unhappy consequences. These are simple calculations: an ordinary country common sense, possessed earlier by every peasant, tells us that if the roof over our heads leaks it is better for our budget to fix it right away; the longer we wait, the deeper we must then reach into our pockets. But in recent years our economists have somehow forgotten this simple, but still valid principle....

It is therefore no wonder that the whole problem has progressed to the point that the federal government had to discuss it at their February meeting. It was stated there that the deficiencies which have been amassed in this area are very serious, and to continue to overlook them could have far-reaching consequences, not only economically, but also politically. Some measures which would limit a further worsening of the situation and reduce the level of neglect of the housing stock were already taken by the governments of the CSR and the SSR at the end of last year. They adopted a resolution in which they for example require the allocation of the necessary financial resources for maintenance and repair, the securing of the material and technical bases, the designation of a special planning organization, and the assignment of the appropriate construction capacity. The federal government took these measures under consideration and tasked Chairman of the State Planning Commission and Federal Minister of Finance with providing in the draft of the state plan for the Ninth 5-Year Plan and in budgetary projections for 1991-95 for the repair and maintenance needs of the communal apartment and housing inventory to amount to no less than 24.3 billion korunas in the CSR and 5.2 billion korunas in the SSR. A similar proposal will be prepared for the Ninth 5-Year Plan for construction and for peoples' housing cooperatives. An exact time schedule with specific designation of responsibility for the individual sectors is to be worked out by June of this year for fulfillment of all these tasks.

It is logical that most of the maintenance work in the upcoming years will continue to be the task of the housing management enterprises and construction organizations controlled by the national committees. But the so-called big construction should also take part in the repairs.

Despite the fact that the organizations controlled by the ministry are oriented primarily toward new capital investment construction, in many cases their assistance in repairing the deteriorating housing stock is very necessary. A typical case is that of the older prefabricated buildings; more than 50 percent of the houses which the national committees in the CSR now administer was built in the last 30 years using panel technology. If we consider the fact that the lifespan of such buildings is not all that long (for example, the roof of a panel building will last an average of only 4 years without repairs), it is clear that the work involving these facilities will get greater and greater....

This 5-Year Plan tasks the organizations of the Ministry of Construction and the construction industry with carrying out repairs valued at 200 million korunas annually, which is a totally insignificant amount in comparison with the overall volume of work. In practice, however, the enterprises have problems even with this relatively undemanding task. One of the main reasons are the economic conditions which society presents to the construction organization. They are not at all favorable; maintenance is much more labor-intensive than the construction of newly assembled facilities (it is said up to four times more) and the payback on this work is therefore substantially lower in the current economic system, in part as a consequence of the increased taxes and wages. Cases where the enterprises even end up losing money are no exceptions.

A conflict thus arises between the needs of society and the interests of the individual organizations. How do we resolve this conflict? The situation in this regard is somewhat complicated by the fact that with the approval of the law on state enterprises the construction department lost its ability to affect the production programs of the individual enterprises. The directive system thus belongs to the past, and the only thing that can replace it are the economic tools of management. The governments to both republics have already approved some economic stimuli at their plenums. We cannot as yet precisely estimate what results they will bring, but one may expect that they will be much more effective than the old methods of orders and directives; and will help substantially to reduce the shortcomings which exist in our construction industry in regard to the old housing, and which at the moment keep on growing worse.

Slusovice Methods, Example of Cost-Reduction Efforts

*24000123a Prague HOSPODARSKE NOVINY in Czech
No 10 1989 p 3*

[Article by Dr Eng Frantisek Trnka, candidate for doctorate of science and deputy economist, Agrokombinat Slusovice, united agricultural cooperative: "Only Strength Guarantees Progress"]

[Text] Czechoslovak agriculture can be proud of many accomplishments, especially in quantitative terms. We are presently producing adequate quantities of basic raw materials and foodstuffs. However, our production costs are higher and our labor productivity is lower than those of developed countries. There has been general criticism of the low level of our processing industry, the narrow range of food products, their short shelf life, and the poor quality of our packaging. The restructuring of the economic mechanism in agriculture is intended to help remedy many of these shortcomings. Agro-industrial kombinats, as the author of this article demonstrates, have a positive role of their own to play within this context.

Presently the average size of a united agricultural cooperative [JZD] in the Czech Socialist Republic [CSR] is more than 2,500 hectares, while more than 25 percent of these cooperatives have over 3,000 hectares. We are essentially talking about enterprises that are quite large. More than 100 enterprises are large enough to have their own R&D. But size, in and of itself, does not automatically mean improved economic performance. An enterprise must also have enough resources to support growth. Only exceptionally well managed concerns have such resources.

Costly Backwardness

Of the total of 1,029 cooperatives in the CSR, five are classified as having a poor management, 210 as having below average, 586 as average, 221 as above average, and only seven are classified as having a excellent management. As the table shows, 20 percent of the agricultural cooperatives in the CSR operate at a loss and are subsidized.

Management Results of JZD and State Farms in the CSR for 1988, in Kraj Groups

	Normal	Backward
Number	841	188
Per hectare profit before agricultural land taxes (Kcs)	2,139	205
Per hectare subsidy (Kcs)	310	2,106
Per hectare credits	5,508	9,028
Profit before differential per hectare supplemental payments(Kcs)	1,929	159

The basic problems of Czechoslovak agriculture standards at the present time fall into three categories:

- low-quality processed food
- low labor productivity
- high production costs

These problems are interrelated and they can be resolved by a combination of innovation and the practical application of R&D findings. This is not an inexpensive matter, however. For example: construction of a modern fruit processing plant costs in the neighborhood of Kcs 60 million; a medium size, modern seed production plant runs Kcs 300 million; biochemical facilities Kcs 200-500 million; modern laboratories Kcs 60-100 million. Preparation of 1,000 hectares to guarantee good harvests, carries a probable cost of about Kcs 30 million.

In 1988, an average agricultural enterprise generated a Kcs 2,188 profit per hectare of agricultural land. Approximately 50 percent of this, or Kcs 1,065, was allocated for capital investment. Overall, then, the average enterprise has available profits in the amount of Kcs 2-3 million. When one takes into account the high level of capital wear and tear and increases in acquisition costs, only a small percentage of available profits can be allocated to an expanded capital replacement. Even if one assumes that the entire Kcs 3 million would be available for investment, a comparison with the costs of implementing new technologies leads to a more than convincing conclusion. The average agricultural enterprise cannot implement, for reasons beyond their control, significant R&D novelties that would markedly improve food production.

The above data indicates that existing agricultural enterprises are capable of implementing only small and medium sized programs costing Kcs 5-10 million. They do not have the financial strength for larger programs. Merging resources to create a new enterprise also does not resolve the problem.

Kombinat Is the Answer

Existing agricultural organizations, if they are to develop rapidly, must associate their programs with the implementation of a large R&D effort in the fields of biochemistry, electronization, robotization, the automation of field work, the creation of highly productive cattle herds, the processing of agricultural products, etc. Only by participating in such programs can they assure that their production will be highly profitable. There must be, therefore, large enterprises that have enough resources to implement such large programs. Most current agricultural enterprises are too small to do this.

These basic facilities must have at their disposal state of the art production resources and highly trained employees. They must have the financial resources to procure the production assets, and obtain these resources through sales of their own products. If sales do not bring in sufficient surplus to finance expanded capital replacement, the enterprise will inevitably stagnate. If the enterprise stagnates, then the entire national economy stagnates as well. Focusing on wealthy enterprises, therefore, is an advantageous strategy. Wealthy firms pay taxes, poor firms require subsidies and retard overall economic development.

Most agricultural products in the CSSR are produced by cooperative agricultural enterprises. These entities have not yet exhausted their potential for growth, but they are being slowed down by their current organizational structure, which has been focused on their own production of primary agricultural products. This retards the development of the economically stronger enterprises. Moreover, despite substantial state assistance, there still exists a category of economically weaker enterprises. The long-standing policy of providing subsidies for these firms has not had the desired result. If agriculture is to develop further this situation must be resolved. One possibility is to use economically strong state and cooperative enterprises. It would be desirable to permit these firms to

engage in broad, comprehensive development, so that they can expand their scientific knowledge and thereby help to improve the performance of lagging firms.

Certain agricultural enterprises are economically strong, have well organized production and experienced management. They can grow further by expanding their involvement in preproduction and postproduction stages. This will allow them to make better use of production equipment and substantially increase their own agricultural output. In addition, these economically stronger enterprises can assist, through integration and cooperation, in improving the performance of average and weaker firms by assisting in the installation and implementation of advanced production systems. This would make it possible, without additional state expense, to relatively quickly improve the overall sophistication of CSSR agricultural production. Agro-industrial kombinats could thus assist in assuring the comprehensive development of agriculture as a branch of the national economy.

An agro-industrial kombinat is a new type of socialist agricultural enterprise at the cooperative, state, or combined type that:

- permits full use of production factors and more effective application of R&D findings;
- enables fuller use of current agricultural enterprise activity in the interest of better meeting the needs of society for agricultural products;
- eliminates or substantially reduces current problems of administrative nature;
- provides additional growth potential for agricultural cooperatives through mergers of both forms of socialist agricultural ownership;
- provides for comprehensive, intensive development of agricultural output based on the latest scientific findings;
- obtains needed production equipment either by producing it in-house, or by outright purchase;
- improves value added to primary agricultural products during processing;
- markets its own production domestically and abroad;
- will transfer improved economic management to less developed agricultural enterprises (in the role of integrator).

It would be a mistake to think that this type of enterprise can come about through an administrative decree. Enterprise growth is a process, often long term and complicated, that has its own logic and peculiarities. The

process can be facilitated by eliminating administrative barriers. Still, enterprises of this type already exist, and it would make sense to take advantage of them.

Integration Reduces Costs

High production costs cannot be dealt with only through efforts to reduce cost. Economic mechanisms must also be found that will create conditions for less expensive production and make it punitive to produce at greater cost. One way to accomplish this is through cooperation between enterprises.

A majority of agricultural enterprises do not have enough technical, technological, personnel, and financial resources for a comprehensive utilization of R&D findings and to assure the development of agriculture using modern methods, such as new systems for producing seed corn and other crops, modern cattle breeding systems, and systems that facilitate the development of associated production (specifically, there are no longer enough traditional programs for associated production and smaller enterprises can participate in such programs, for instance, by manufacturing component parts for agricultural machinery that could be assembled by a stronger agricultural enterprise, etc.). As integrators, agrokombinats can transfer their technical knowledge and capital base to other agricultural enterprises to speed up their economic development.

Our agriculture should be able to find a place for large, medium and small combined agricultural enterprises. For the system to function, however, these firms cannot be created by administrative measures but through economic growth. Small and medium size firms must have the opportunity to choose their own partners and must have the right to switch them if another one offers better economic conditions. The principle of competition applies here as well, the principle that the favor of the customer should be sought out. Only under such conditions will large enterprises not be able to dictate the conditions of cooperation to their partners.

Cooperation has to benefit all participating entities. The large enterprise has an opportunity to expand its production capacity thanks to integration, to accumulate additional resources for future technical and technological growth, thereby accelerating the entire innovation cycle. The smaller enterprise gains immediate access to state of the art equipment and technology and experience, and can, therefore, without additional large expenditures immediately increase production and improve its economic performance. It is also possible that the smaller enterprise, by managing new resources well, can itself grow into a large enterprise and become a contributor to scientific and technological progress.

The state participates in this cooperation as much as possible. It gains increased material and value added performance without additional expenditures. On the contrary, it saves the resources that it has been spending

for a long time on subsidies and grants. These resources can be redirected to areas where they will have a more immediate and significant impact. This is how economic methods can be implemented to help reduce the overall social costs of agricultural output.

Agriculture Under New Economic Conditions Viewed

24000105b Prague ZIVOT STRANY in Czech
Apr 89 pp 8-9

[Unsigned article: "Agriculture Under the New Economic Conditions"]

[Text] The agricultural and foodstuffs complex is a mature, consolidated branch of our national economy. It is succeeding in meeting the goals of the party's economic policies in satisfying the requirements for people's nourishment while gradually increasing self-sufficiency in the production of foodstuffs. Our market is now stabilized in supplying foodstuffs and the agricultural enterprises are successful as a whole in meeting the demands of society as a whole. But it is not possible to be satisfied just with meeting the quantitative needs and one must naturally proceed onward in orienting the producers and processing industry toward a broader product range and higher quality and thus also to higher effectiveness as in the other branches of the national economy. The new economic mechanism in the agricultural and foodstuffs complex which was put into effect since the beginning of the year is also supposed to lead to this.

Workers in the agricultural enterprises and in the enterprises of the foodstuffs industry now must more frequently ask themselves about the costs in the production of foodstuffs and how effectively they are utilizing labor, equipment, and the natural or economic conditions of the area in which the cooperative or state farm is operating. It is simply not to be tolerated that roughly one-quarter of the agricultural enterprises continues to operate with significant losses and each kilogram of meat or liter of milk which they produce must be subsidized by the state.

The former, largely administrative-directive method of management with an excess of limits and indicators and large-scale micromanagement processes, did not create effective pressures even in the agricultural enterprises; pressures for growth in the efficiency of production by increasing the productivity of labor, and more rapid changes in the quality and makeup of products in accordance with the market demands. It must be admitted that many economic managers liked this method of management since it did not force them to take any initiative, usually connected with a certain risk, or to have the courage to take responsibility for their decisions. This brought with it an "unhealthy security," especially in those enterprises in which production and the economics stagnated and where passivity flourished and reliance on state aid was commonplace.

Under the new economic conditions the agricultural enterprises became independent economic units which bear full responsibility for achieving economic results. For farmers' cooperatives these are not unfamiliar principles if we hark back to the time of the collectivization of villages and the first tentative steps of the joint cooperative management. At that time the recompense of each cooperative worker was very closely tied to how much he harvested from the fields and raised in the barns. It was therefore necessary to think things over jointly and to calculate what to spend on and what to buy.

Much has changed since those times, but it is good that many cooperative collectives have continued to try to think over thoroughly how to prepare for each change in the economic conditions and to consider carefully each investment. This was also the case during the preparations for carrying out this year's tasks in the first year the new economic mechanism was in effect. A majority of the collectives of the agricultural enterprises soberly and materially analyzed, under the leadership of the party organizations, how the new economic tools will show up in the overall economic accounts and what to do in order for the enterprise to develop intensively under the new conditions and to fulfill successfully its economic function.

Most of the party organizations led the economic managers to going beyond just economic analyses so that the new economic conditions would be reflected in the internal organization of the enterprise as well, in its organization and management, in the structure of its labor force; so that, like the entire agricultural cooperative or state farm, the operation, center, and individual would also be directly dependent on the results of their work.

Measures which concern changes in the structure of the labor force bringing with them greater differentiation in remuneration and sometimes also the requirements of requalification and forcing changes to the habitual rhythm of life and work are not always popular ones, but no enterprise can avoid them indefinitely. After all, it is true for the economy of every country and enterprise that it can distribute only what the collective has produced through its labor. An optimum structure of the labor force is essential for its effective utilization. The party organizations and their committees in the agricultural enterprises must therefore give full support to the upper management who are resolving these demanding tasks in good time and with courage. They do not hesitate to introduce thoroughly intraenterprise *khosraschet* and they discuss all questions with their people with sensitivity. In short, they apply measures which prevent the "operational blindness" which occurs so often in some places and reinforce the actual ownership relations of the work collective to the state or cooperative property. They choose those forms of motivating their people which will make their interests identical to those of the entire enterprise. Among the forerunners in

this direction are, for example, the communists in JZD [unified agricultural cooperative] VRSR [Great October Socialist Revolution] Ivanovice in Hana, the Znojmo State Farm, or JZD Chyne u Prahy, and those from many other agricultural enterprises. Their experiences must be studied and utilized in the other cooperatives and state farms.

The party organizations in the agricultural enterprises today have a great responsibility; everywhere their concern is to set themselves up against a narrow path to better economic results, based solely on forms of material incentives. For in addition to those, there must be an increased participation by the work collectives in the organization and management of production and the development of socialist entrepreneurship. To achieve this we must create political conditions and lead the managers to social responsibility so that they are able to motivate the work collectives in the correct direction. This is without doubt the most important current task of all party agencies and organizations.

It is natural that the application of a collective consciousness in decision making and increasing the activity of the working collectives is a process which can succeed only under conditions of openness, direct access to information, and democratization. At the same time it is a process which brings with itself also a strengthening of conscientious work discipline and responsibility.

Councils of the work collectives were elected in the state farms and their directors have been selected by elections. But this is just the beginning. Indeed, today there are still a number of enterprises, especially those lagging behind, where far from all the employees know what the financial situation of the enterprise is or how deeply it is in debt. They do not feel themselves responsible for it. They do not realize that increasing the authority and independence also means increasing responsibility and the loss of a carefree attitude that everything always works out somehow.

The requirement for the necessary level of informed employees cannot be met by attending the annual membership meeting of the unified agricultural cooperative or trade union conference in a state farm once a year, but it takes everyday contact with the work collectives and the development of an overall style of work with people by the managers. A serious signal that something is not in order can also be the course of discussions at the membership meeting of the basic party organization. Why, for example, do communists working in livestock production have to wait until then to learn from the responsible managers what the reason is for the poor quality of fodder, why there is leakage into the silage pits, or why the cooperative has a high consumption of fuel. In brief, the party organizations should everywhere create an atmosphere where people are not afraid to express openly their suggestions and critical comments at meetings, but also so that they react in an appropriate manner

to them and it is ensured that no good idea falls by the wayside and each is valued, a contribution, and that the management will consider them.

Under the conditions of the new economic mechanism the party agencies and organizations must work so that the administrative directive methods of management never revive. This concerns every element of the party structure. At the same time the party must create the best political conditions for putting the new economic mechanism into action so that all agricultural enterprises can best fulfill their social mission under them. Such a method of work requires from communists far more courage, openness, and political prudence.

Greater independence for the enterprises and the application of a 2-level system of management in agriculture provides trust and ample room for the development of the creative initiative of its management and economic cadre. Many politically mature, qualified, and professionally able employees work in the cooperatives and state farms. They have an interest in applying all their best capabilities to their work. Economic tools in and of themselves are not enough to put their interests in harmony with those of society as a whole. To achieve this it is necessary to improve on political conditions continuously and to lead politically. The mission of the party organizations in this area is irreplaceable. The tasks which await the party organizations and every communist in the agricultural and foodstuffs complex are not easy ones. They will never find a recipe as to how to carry them out most effectively or any set of directives. Only communists acting as examples and the best possible knowledge of people's opinions, their needs, and their interests can help the party to carry out its role successfully under the new conditions. At the annual membership meetings of the party it will then be possible to judge collectively how the organizations and their members led in the first year of the new economic mechanism being in effect. The first experiences will make it possible to determine the directions in which to continue.

The 11th Nationwide JZD Congress will also judge these matters when it meets at the beginning of December of this year in Prague. It will also be an opportunity for activation of the work of the Union of Cooperative Farmers and for greater activity by every cooperative farmer. The discussion before the congress will again be a democratic platform for opinions, suggestions, and comments on the further development of our agricultural cooperative movement and the entire agricultural and foodstuffs complex.

The congress will also be an opportunity to look back on the past, since this year will mark 40 years from the time of the historic 9th Congress of our communist party at which the general line for the construction of socialism was laid out, an inseparable part of which was also the socialization of agriculture. Forty years have passed since that time when for the first time under our conditions the progressive ideas of Lenin's cooperative plan

were put into effect. On that occasion it is not possible not to remember the deep social change in our countryside and the indisputable successes of large-scale socialist agricultural production. This is a chance to appreciate the work of those who were there at the birth of the unified agricultural cooperatives and deserve recognition for the development of socialist agriculture.

It was just our communist party and its rank and file members who at the time of establishing the cooperatives engaged in a courageous battle to change people's thinking and struggled against their mistrust. The communists were at that time the bearers of the idea of a new, progressive way of life in the village. Today, just as 40 years ago, it is again our communist party which is the initiator of restructuring in the agricultural and foodstuffs complex as well. Its members must again carry out a hard struggle. Not on the socialist character of the production relationships, but for a more responsible relationship of the people to management and for the further development of the agricultural and foodstuffs complex in order for it to carry out its mission still better and more effectively.

This means finding a way to reach every cooperative farmer and worker in agriculture. It indeed will depend on every one of them as to how we succeed in putting into effect the goals of the party's agricultural policies.

**Finance Minister on Combating Inflation,
Financing Social Needs**

24000139d Prague PRACE in Czech 26 Apr, 6 May 89

[26 Apr, p 5]

[Interview with CSSR Minister of Finance Jan Stejskal by Ivan Spani: "With Entrepreneurship Against Inflation"; date and place not given; first two paragraphs are PRACE introduction]

[Text] We are continuing our interview with the CSSR Minister of Finance, Jan Stejskal, this time about anti-inflationary instruments and the management of state enterprises.

On Tuesday we published the first part of our interview with the CSSR Minister of Finance, Jan Stejskal, devoted to the problems of restoring economic equilibrium, to budgets of the Czechoslovak Federation and both republics, and other questions. Today, we are continuing with other topics.

[PRACE] Inflationary trends in the national economy are an expression of an overall as well as a structural economic disequilibrium. What instruments will you use to curb them?

[Stejskal] The problem of inflation in a socialist economy is becoming an ever more frequent subject of discussion by economists as well as the general public. At

issue is no longer just the fact of inflation itself, but what causes it, the various ways it manifests itself, how to measure it, how to combat it, etc.

[PRACE] Do we have inflation here, then? How much?

[Stejskal] Under our conditions we are talking mainly about the so-called hidden inflation, which usually does not manifest itself only in the growth of the price index, but in a number of more complicated ways. Among them is, for instance, the existence of the so-called unofficial economy, which develops as a result of the disequilibrium in the official market of consumer goods and services. To eliminate it requires, above all, to significantly improve the supply of consumer goods and services in the range and quality that the consumer wants. In the CSSR inflation can be measured by the index of the growth of retail prices only up to a point. As measured by the official index, retail prices have been rising relatively slowly—for example, during 1981-85 approximately by 2 percent a year, in 1986 by 0.6 percent, in 1987 by 0.1 percent, and in 1988 by 0.2 percent. The most marked increase in retail prices occurred in 1982, when they grew by 5 percent in the first half of the year.

But the problem is that the official index does not adequately express the status of the prices in the domestic market (similarly as the index of the cost of living), because it does not, for example, capture the impact of changes in the range of goods, etc. Such impacts are expressed in indexes of the growth of the so-called average prices, which, however are followed only in groups of products. For that reason the Federal Statistical Office is preparing a new method of producing data on the development of the standard of living of the public, which should already be applied in evaluating the results of this year.

The ability to determine the rate and extent of inflation is thus complicated by the fact that under conditions of economic disequilibrium and with centrally regulated prices it does not manifest itself so much in visible price increases as it does in various forms of hidden and suppressed inflation. To that attests, for example, the growth of real consumer prices beyond their official level, worsening quality of some kinds of goods, increases in prices inconsistent with the increase in utility value, existence of a forced substitution of cheaper goods by more expensive ones, disappearance of cheaper kinds of goods, etc. A suppressed inflation is evinced also by the fact that the prevalence of demand over supply is being solved by administrative methods (allotment system, waiting lists), by the growth of illegal activities, etc.

Processes similar to that in the consumer market are also showing up in the producing sphere—in the development of wholesale and purchase prices.

Anti-Inflation Instruments

[PRACE] You talked about an anti-inflation instrument consisting in a significant increase in the supply of desired consumer goods. Why, then, does not the state quickly buy some attractive goods that are in short supply from abroad at favorable prices and sell them at even more favorable prices at home? If it pays the tourists and black marketeers to do so even with a considerably unfavorable rate of exchange, if it brings them considerable profit, and if even those who buy from them at inflated prices are satisfied, why does not the state take their place, perhaps under similar or better conditions, and make the profit?

[Stejskal] The problem of importing attractive consumer goods is not just a question of revenue in korunas for the state budget, but primarily a question of earning sufficient foreign currency resources by export, particularly in the case of convertible currencies. But this year, same as last year, the CSSR Government adopted a number of measures to increase the import of consumer goods for the domestic market. We shall also partly use for that purpose our assets in developing countries—in the form of installment payments in goods.

[PRACE] Do you then have some anti-inflation instruments?

[Stejskal] It is the financial policy aimed at developing the entrepreneurial spirit by introducing self-financing in enterprises and making them responsible for their economic results. It is the policy aimed at equalizing conditions for activities in state and cooperative organizations, as well as in individually provided services.

With that in mind, we are also preparing the restructuring of the tax and levy system, which will create more stable and uniform conditions for the enterprise sphere, but at the same time will regulate the development of their assets and also recapture profits gained by economically undesirable methods. At the same time we shall also be decreasing and removing grants from the state budget, especially those which pay for wasteful management, low efficiency, and cover up the differences between well and poorly managed enterprises. That also goes for inefficient investments, excessive inventories, and high degree of unfinished construction. Organizations will have to earn their own money for their future development, increase in wages, and other social needs.

On the other hand, we shall support, by using budget resources, efficient structural changes in our economy, acceleration of technological advances, development of the international division of labor, extensive ecological projects, etc.

It applies even in the budgetary system that the extent to which financial means are used must be consistently based on the amount of real resources. For that reason, both in the state budgets of the republics and the budgets

of the national committees their own revenues as well as the elements of self-financing and responsibility for achieved results will be strengthened.

An effective struggle against inflation also requires close coordination with the wage policy, which must create harmony between the growth of the workers' income and their output, as well as with a price policy that rationally influences the setting of prices and continually updates them.

Levies and Entrepreneurship

[PRACE] You emphasize entrepreneurship. How will you urge the enterprise sphere to exercise it?

[Stejskal] Urge? The basic change, which restructuring of the economic mechanism brings, is the abandonment of administrative pressure. It is being replaced with encouraging healthy enterprising attitudes through economic instruments of indirect management.

The enterprise must earn money for covering its needs by its entrepreneurial activities, while keeping in mind that it must first of all fulfill its duty to pay levies out of its profits to the state, or, as the case may be, to the budget of the national committee. The rate of these obligations will be established by the draft law on levies to the state budget.

[PRACE] What rates for the levies are you contemplating for the proposed law?

[Stejskal] Its concept is to ensure through standard levies on property the needed rate of efficiency of assets which the enterprise utilizes, and through standard levies on the volume of wages control the overall balance in the work force. The proposal counts on levies of 50 percent of the volume of paid wages, which will be paid out of costs. The rate of levies on property, which will be paid out of profit, will be proposed only on the basis of actual results of realized comprehensive restructuring of wholesale and purchase prices.

Further, the law sets the rate of levies on profit in order to ensure a share to the state in the profit dynamics. There has been no decision made yet on the rate of this levy, in the new wholesale prices we counted basically on a 50 percent levy. But it should be set in such a way that the share of the enterprise in the profits would be its main motivation to develop profitable activities.

For organizations with a program of cutbacks and for organizations for whose capital investment the state budget provided grants at least in the amount of half of the budgeted costs, this system will be supplemented also by a levy on write-offs. It is expected that for the period of the Ninth 5-Year Plan the levy on write-offs will be temporarily used to balance out the differences in the

initial bases of the enterprises. Furthermore, regulatory and penalty levies will be applied as punitive action against unwarranted increases in wages, breaking of rules, etc.

[PRACE] Otherwise levies and norms will be uniform? Who will have exceptions and which ones? Who is requesting them?

[Stejskal] It is expected that the rates of levies will be essentially uniform, even if in some branches and types of organizations certain exceptions will have to be applied. For instance in levies on wages in such cases where such a levy was not calculated into the price (in some branches of services), etc.

The planned government decree about the financial management of state enterprises will determine the rules for using the profits of the enterprise as well as the mandatory sequence of dividing the profits into the enterprise funds. Applying the principle of transferability of the remainder of the fund to next year makes possible their proper use in a long-range perspective for ensuring the needs for a broader development of the enterprise.

[PRACE] Why are mandatory rules for using the profits of the enterprise being set, why a mandatory sequence of distributing them into enterprise funds? Does that not restrict entrepreneurship, initiative, and independence? Why cannot the enterprise use its profits as it wants? What will the workers' council be deciding? How is it possible then to call *khozraschet* the right to make profit and the duty to be responsible for losses—without the right to decide how to use the created profit?

[Stejskal] The principle that it is necessary to determine centrally and bindingly the rules for using profits created in enterprises is contained in the law on state enterprise and is also laid down in the principles of the comprehensive restructuring of the economic mechanism. According to them, the enterprise must first of all meet its obligation to the state, that is, levies (taxes), and only then allocate its remaining resources to its funds.

As far as the sequence of allocations into individual enterprise funds is concerned, we are counting only on establishing the duty to fulfill the priority minimal allocations to the cultural and social services fund and the development fund. These are to ensure the priority provisions for a certain level of cultural and social services needs, and a priority provision for the development of the enterprise. Furthermore, the enterprise will have to appropriate priority amounts for the reserve fund for possible fluctuations in the enterprise economy. But about the further use of the profits, which remain after levies to the state budget and making the mentioned enterprise allocations, the enterprise will then decide on its own. It is an important element of stimulating its entrepreneurial spirit. Ensuring the minimal

financial needs of the enterprises for their economic and social development will be determined by individual norms set for the long-term in the 5-year state plan.

In realizing their developmental objectives, the enterprise can count also on credits, as long as they can prove to the commercial banks that they have good prospects and are efficient, which will ensure the return on the credit in the agreed upon terms.

But they must expect that the banks, working on the business principle, will apply more stringent criteria toward the enterprises. Together with a new concept of the contingency fund of an enterprise, conditions will be created for a more courageous entrepreneurial activity combined with entrepreneurial risks.

[PRACE] Why must a working collective, which finds, buys, or makes its own equipment, still pay a property tax to the state budget? Does that not act as a break on the development of new technology and economy, on entrepreneurship?

[Stejskal] We want to increase the impact of the system of levies for the state budget on standards, and at the same time create pressure to achieve a permanent efficiency in the work of the organizations. The purpose of the standard levies is to create pressure for a more economic use of production factors and therefore also of the property of the enterprise.

Chase After Profit?

[PRACE] We are probably not the only ones who think that even here enterprises have begun to chase after profit at all costs. Is the minister of finances an instigator in this or is he against it? Is he only against, or does he also have instruments to curb such tendencies?

[Stejskal] The tendencies to make profit at all costs are there, of course. They appeared also in the past, and the center tried to fight them by means of a number of administrative measures, but that acted as a break on entrepreneurship and forced enterprises to conceal their unused potential for efficient management, etc.

The emphasis on self-financing of the enterprises, and thus the emphasis on the role of profit can actually manifest itself in the pressure for higher prices, particularly under the conditions of economic equilibrium. Therefore, in the planned restoration of economic equilibrium we are counting on central control of prices and above all on increasing the economic competition among enterprises, which would restrain the monopolistic status of suppliers and lead to a strong position of the customer in the market. In an undemanding economic environment, where the supplier dominates over the consumer, disproportionately high production costs are passed on to the customer, or the final user. Therefore we must also use the socialist supply and demand principle

and a controlled market as an instrument for the rationalization of production structures, competition, an instrument for creating a demanding economic environment.

In the event that there is a disproportionate growth in the resources of an enterprise, a disregard for price and other regulations, regulatory and punitive levies to the state budget will be applied. Therefore the implementation of a consistent state financial control and price control will have its importance as well. We shall do away with grants that pay for wasteful management, low efficiency, and cover up the differences between poorly and well managed organizations.

[PRACE] You talked about preparing a government decree on financial management of organizations. What will be its purpose and philosophy?

[Stejskal] At issue is a complex of measures enabling and ensuring the realization of principles of self-financing according to the law on state enterprise. Among them is a substantial broadening of the autonomy of the enterprises in managing the resources that are entrusted to them and assets which they will gain during their entrepreneurial activities. It includes the possibility to decide on the choice of production factors for increasing the efficiency of the enterprise management, of discontinuing the redistribution of resources and assets among state enterprises, freedom to decide on the management of financing within the state enterprise.

On the other hand, there will be measures to increase the responsibility of the state enterprise as a whole for providing for all its needs from internal resources, using bank credit based on their profitability, after fulfilling the tax obligations of the enterprise toward society, and while ensuring on a priority basis the needs for its long range economic and social development. It must give priority to covering its fixed liabilities in its entrepreneurial activities before the needs of a stimulative, short-term nature. The government decree will at the same time make it possible to abrogate the financial-legal regulations which determine the individual, relatively separate areas of financing, and simplify administration.

(To be continued in the next issue)

[6 May, p 5]

[Conclusion of interview with CSSR Finance Minister Jan Stejskal, this time about financing social needs: "Shall We Abandon the 'Residual' Principle?"; date and place not given; first two paragraphs are PRACE introduction]

[Text] Last week we published the first two parts of the interview with the CSSR Minister of Finance Jan Stejskal, on the subject of economic equilibrium, state budgets, and problems of self-financing in state enterprises.

Today we are publishing the last part, which deals with social needs.

[PRACE] The National Trade Union Conference presented a number of suggestions and requests of the working people addressed to the Government. The ministers worked out flow charts of their solutions. How did you react to this task and in your opinion what would it take to satisfy the demands of the other departments which would want to put the suggestions of the trade unionists into effect?

[Stejskal] The National Trade Union Conference was not the only one with demands on the Finance Ministry. Everybody has them. The material from the conference presents us above all with the task to work out in accord with the requirements of the economic mechanism a new approach to finance the social needs of the enterprises. We already discussed the proposals in the Planned Economic Management Committee and with representatives of the Trade Union Central Council, and now the CSSR Government will take them under consideration. The objective is to make it possible for the enterprises to pay out of costs and therefore calculate in the costs of products only that portion of the social services consumption of the enterprise which directly ensure the replacement process of the enterprise labor force. They will cover the other expenditures out of the share of the disposable profit of the enterprise, or from the cultural and social services fund.

Social Services Consumption in Enterprises

[PRACE] The current decree on financing some facilities for social services consumption was not greeted in the enterprises with enthusiasm. It was often criticized even in trade union meetings. What are the differences between the views of the Ministry of Finance and the representatives of the trade unions?

[Stejskal] During the drafting of these principles we held different opinions in some cases. Although we came closer together in many instances, we are not in agreement with the trade unions on everything. We are very close in the opinion on what belongs in costs for the replacement of the workforce and therefore should be covered from costs. This concerns, for example, material and personal costs of providing meals in enterprises, costs for health care in enterprises, for training young people for jobs as laborers, and for adult education. The cultural and social services fund should also be used to cover out of profit—in our opinion—the expenditures for social services which are of a collective economic incentives character, such as recreation, culture, sports, etc. The use of the cultural and social services fund should be much broader than it is now.

[PRACE] Will the state not defray some of the current items of social services consumption in enterprises? After all, not all of them are important for the enterprises only.

[Stejskal] We still have to assess which activities by their nature truly do not belong in the enterprise social services consumption, which activities have importance that goes beyond the enterprise, and then determine how they will be conducted and financed accordingly. In question are particularly houses of culture and sports facilities, education, and physical education. I believe that we need to determine also their organizational inclusion, because not only the level of the cultural and sports facilities provided, but also the extent of their activities and influence are widely different. Sometimes they serve only the enterprise and its workers. In such cases, the enterprise should bear their cost and pay for them out of profit by means of the cultural and social services fund.

It is more complicated in those cases where the facilities belong to the enterprise, the enterprise also runs them, but the extent of their activity and tasks which they perform goes beyond the framework of the functions and interests of the enterprise, when they have a more or less territorial character. If they perform in their wider reach the function of state cultural policy, certain special purpose grants should be given to them for such functions. It was suggested that neither the form of organizational inclusion or the financing of these facilities be put into a "uniform." The enterprise should pay only for what concerns the activities of its employees. We envisage therefore the possibility of financing out of the cultural and social services fund of one enterprise, combining from the funds of several enterprises in a town and from contributions—special purpose grants—of the national committee, or also out of the budget of the republic. But these will not be grants to make up the difference between expenditures and income, but will be precisely specified for a certain activity. We are also proposing that houses of culture make an effort to be financially self-sufficient, try to earn their own income, but we do not wish to commercialize everything, we do not want them to lose interest in financially uninteresting cultural-political activities.

[PRACE] Then also in financing preschool facilities, kindergartens?

[Stejskal] That is a similar problem. We propose a uniform arrangement. Where they are within the purview of an enterprise—imagine a large textile or shoe factory employing a large number of women—the enterprises will be able to continue operating them and defray their expenses.

[PRACE] Are you also discussing the financing of apprentice training?

[Stejskal] Two alternatives have been proposed for managing and financing it. I think that both are feasible. The apprentice school would be an overhead of the enterprise, which would cover its expenses out of the enterprise costs, and other enterprises, for whom the apprentices would be trained, would contribute to the training

out of their costs. The other possibility is that schools within the framework and overhead of the department, the ministry, to whom the enterprises would contribute—again out of costs—toward expenses, according to the number of pupils who are being trained for them. In both cases the costs for the teaching would be covered by the national committees out of their budgets, or out of the budgets of the national republics. Therefore, we have no differences with the trade unionists; the difference of opinion is between the departmental ministries and the ministries of education.

[PRACE] Will enterprises have the possibility to build and manage enterprise housing stock?

[Stejskal] That depends on the principles of the concept of the state housing policy which has not been yet adopted, but there is more of a tendency toward the opinion that housing construction by enterprises should exist. I cannot give you an answer yet on how we shall motivate enterprises to have interest in housing construction. A more immediate and complicated problem is the defrayment of costs of the management of enterprise housing, because thus far housing management has been unprofitable. Even in enterprise housing we shall have to get closer to economic rents.

[PRACE] And until then?

[Stejskal] We are keeping the existing system. Losses in the housing economy are a liability on the economic results of the enterprise, they are covered from its profits.

And the State Budget?

[PRACE] And what is your reaction to those demands—they were emphasized also at the National Trade Union Conference—which have to be defrayed from the state budget?

[Stejskal] In accord with the announced program of the CSSR Government, we are also discussing the problems of social services consumption defrayed from the resources of the state budget. We take a different approach to individual branches, we respect social priorities. In doing so, we place emphasis primarily on the development of social services, education and health care, where the greatest problems accumulated in the past. We must also take that into consideration when evaluating the demands on budget resources for development in other branches. In this area of social services consumption it is unavoidable to apply principles of economy and dependence of earned resources, search for opportunities for harnessing the means of the population to a greater extent, for example, by allowing paid supplementary services.

[PRACE] What is specifically meant by this formulation? Is it to be a "differentiated care" in physicians' services, better for those who want to pay extra?

[Stejskal] No. The basic range of services provided out of national resources will continue to be available for everybody. But we are expecting the development of paid services which will extend beyond the range of free care. In such basic branches of social services consumption as education and health care we have in mind, for example, cosmetology institutes, refresher courses, language courses... We are, however, also counting on widening services for the public which are covered by enterprise resources. For example, it will be possible to pay for better than the standard health care out of the cultural and social services fund. It is being proposed, for instance, to develop more broadly, within the framework of services paid for by the enterprises, R&D activities in institutions of higher learning according to specific requests of the enterprises, etc.

Where To Reduce Grants

[PRACE] You say that our state budgets do not have enough means to cover all needs, no matter how justified and urgent. But is not that criticized "remainder" principle still evident in the financing of the social services area? Why are we still not setting up a goal-oriented program: determine what we need as far as the living standard and social services are concerned and what we want to provide and then determine in what way and where to create such and such means for it, or is such an approach already manifested for example in the change of the structure of state expenditures?

[Stejskal] The strengthening of the principle of goal-oriented programs in planning and management is one of the basic principles of the restructuring of the economic mechanism. But it must be realized that the problem of raising the standard of living lies not so much in determining the needs for improving it, as it is primarily in creating the means to pay for it. Raising the standard of living depends directly on raising the efficiency of the total replacement process. This year some measures were already adopted in the system such as, for example, increasing rates and a broader use of contributions for social security (levies from the volume of wages), the volume of which should ensure the finances in the state budget for the desired developments in the social services consumption of the public. In the long view, the share of resources allowed for social services for the public out of the total budget outlays has been constantly increasing. However, in no case is it possible to expect an immediate total change in the structure of outlays of the state budget. After all, that is connected, among other things, with the possibility of cutting down the grants given to the economic sphere.

[PRACE] What actually will be the policy on grants? The premier of the CSSR Government, L. Adamec, said that they should be made public and publicly judged.

[Stejskal] The problems of the policy on grants are very extensive. New principles of providing grants in the Ninth 5-Year Plan are being drafted. One of the main

principles will be that the legislative bodies will publicly evaluate and approve them within the framework of the budget process.

Specific grants, linked in a certain way to a concretely measurable extent of production or performance, will be preferred over general grants. They will be given only in those cases when they are unavoidable in order to support plans for development or to maintain the living standard of the population, or to solve ecological problems, for example. The grants will have a time limit, and the conditions and reasons for giving them will be regularly reviewed.

[PRACE] And will not happen again what happened last year? The investment plan was again exceeded, this time by Kcs 13 billion. Enterprises as a rule are given allocations of capital, but how is it possible that money, which belongs to the state, is being "managed" this way?

[Stejskal] Grants from the state budget were not practically involved in the overrun in the volume of capital investments. They were drawn on more than planned only for the system of waterworks Gabčíkovo-Nagy-
maros, because capital construction in this case was being accelerated.

In addition, overruns in the planned volumes of capital investment occurred in the departments of agriculture and food of the republics (Kcs 6.3 billion in the CSR, Kcs 2.9 billion in the SSR). Of these Kcs 9.2 billion, Kcs 8.6 billion represents the overrun in the volume of capital investment in the cooperatives sectors, which was covered primarily by the cooperatives' own resources. Other overruns occurred in metallurgy, machinery, and electrical engineering (Kcs 2.1 billion), in the SSR department of industry (Kcs 1 billion), and CSR industry (Kcs 0.7 billion). But here also this involved financing from their own resources, or credit. Grants from the state budget were an insignificant part.

[PRACE] How much then are the grants from the state budget for capital investment? The amount of unfinished construction is still quite considerable...

[Stejskal] For this year, capital investment expenditures in the state budget are planned at Kcs 42.6 billion, which is 10 percent of the total budget outlays. Of that, Kcs 9.3 billion is earmarked for grants to economic organizations for capital investment, and Kcs 33.3 billion to the nonproducing sphere. Grants for capital investment to the producing sphere have been showing a longtime tendency to decline.

[PRACE] For what are they intended?

[Stejskal] Primarily for water management projects, transportation, agriculture, specific construction in organizations managed by national committees.

[PRACE] Didn't you forget the power industry?

[Stejskal] More than two thirds of investments in the department of fuels and power industry are covered by their own resources, that means write-offs and profit; the rest from the capital investment credit from the Czechoslovak State Bank. The state budget provides means only in the amount of Kcs 90 million, which represents 0.3 percent of the total capital investment needs, and that goes primarily to ecological projects—desulphurization of the Tusimice power plant.

[PRACE] And for the nonproducing sphere?

[Stejskal] There, the capital investment grants serve to finance comprehensive housing construction, health care, social and cultural facilities, construction of express highways, a basic communication system in Prague, and many other urgent projects....

The amount of unfinished construction is indeed still considerably high. For example, toward the end of 1987—measured by the remainder of budgeted construction costs—it exceeded Kcs 280 billion. To compare: that is almost half of the consumed national income. By the end of 1987 it reached almost Kcs 260 billion. It is a longtime problem of our economy, it points out the typical malady of capital construction, which is an excessive amount of construction starts and disproportions between the capacities of the suppliers and the requirements of the investors which have persisted for years... The solution must lie, among other things, in having the investors bear full responsibility for the efficiency of their capital construction, limiting their plans according to how much financial resources they can create.

Double for Ecology

[PRACE] But certainly the limits should not apply to construction for ecology.

[Stejskal] No. I already said that we intend to give them preferential treatment in our grants policy. In the Ninth 5-Year Plan, the volume of construction for the ecology program (for the protection of clean air, water, for disposal and unobjectionable storage of waste, etc.) should reach according to expectations altogether Kcs 34 billion, and its share in the total volume of capital investment should double in comparison with the Eighth 5-Year Plan. To provide incentives in this area, individual grants will be given for specific tasks of the state plan and systemic grants for construction from the state program of ecological investments—according to the purpose, character, and importance of the project.

[PRACE] Not even many of the organizations directed by the national committees can manage without grants. Or are you perhaps expecting, on the contrary, larger revenues for the state budget after they are given greater autonomy in their undertakings?

[Stejskal] For organizations managed by the national committees the diversity of their activities is typical. Apart from their production assignments they provide services in public food service, transportation, housing, local production, community services.... We cannot be satisfied, therefore, with only a one-sided look at the current, by and large favorable, fulfillment of planned indicators. We must analyze how consistently they utilize their unused potential to raise the level of the services they provide—that is a sensitive political question—as well as to work with efficiency and economy.

In these organizations, too, the principles of the restructuring of the economic mechanism are being applied. In local production, services, public food service, as well as housing management it already began on 1 January; the conversion of other organizations managed by the national committees is also expected. Because in applying general principles of the law on state enterprise it will not be always only the purely *khozraschet* organizations which will be involved (for instance waterworks and sewage systems, municipal mass transport...), it will be necessary—as it is for organizations of housing management—to apply certain specifics.

We are talking primarily about a change in the grants policy which is implemented by the national committees. It will mean the introduction of grants to supplement earnings, which will balance out the disparity between the economic cost of the service and a lower market price for the public. We expect, however, that the overall increase in the efficiency of management, which is the aim of the new rules, will also bring an improvement in the relation to the pertinent budget of the national committee with which these enterprises are linked.

Who Has a Surplus?

[PRACE] In connection with thinking about how to find solutions to some of the suggestions and requests, which were also heard at the National Trade Union Conference, a question hangs in the air—where to find the money to pay for it? Many enterprises need to be modernized. It is said that some groups of the population have more money than they need. Are we not going to use as incentives in the economy also shares, bonds, and the stock market where this excess money could be put to work?

[Stejskal] The possibility of using stocks under our conditions is being evaluated in connection with the restructuring of our economic mechanism. The CSSR Government gave our ministry and the state bank the task to consider, based on reevaluation of experiences in foreign countries with the introduction of debenture loans, to introduce bank bonds for enterprises and the public. We have until the last quarter of this year to present our analysis, then the decision will be made how to proceed further.

[PRACE] In connection with the surplus money which some citizens have, there was talk at the National Trade Union Conference of prosecution for unjustified enrichment and of disproportionate, dishonest incomes. Also discussed was a solution by introducing a stricter tax system, tax returns, and particularly a tax control. Is some tax office being readied for it?

We are counting on strengthening the tax control. In the meantime, we expect to use the current structure of agencies that are engaged in tax administration, that is, district and regional financial administrations, financial sectors of the national committees, etc. Financial control in the future will be modified by a separate law.

[PRACE] One of the areas which have been criticized for a long time—at the National Trade Union Conference as well—is complexity, some insist also social injustice, and the structure of the tax on wages. Will it change?

[Stejskal] For the tax on wages, same as for other taxes on the incomes of the public, we shall propose, based on an analysis of the current pluses and minuses, a rational and simpler tax system which would also ensure more social justice.

[PRACE] In behalf of our readers, we thank you for the interview.

Comprehensive Experiment Results Evaluated

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No 18, 1989 p 2

[Commentary by Vladimir Svoboda, employee of the CPCZ Central Committee: "Comprehensive Experiment"]

[Text] In the department of the Federal Ministry of Metallurgy, Heavy Engineering and Electrical Engineering, 39 organizations joined in the verification of elements of the Comprehensive Experiment in the Autonomy and Responsibility of Economic Organizations for Efficient Development (as modified on 1 July 1988). Among the most important ones were the Czechoslovak Ore Mines Bratislava, Metallurgical Secondary Processing Works Praha, Chepos Brno, Sigma Olomouc, Heavy Industry Works Martin, Agrozet Brno, Machine Tool Works Praha, Elitex Liberec, Heavy Current Electrical Works Praha, Zbrojovka Brno, Automation and Computer Equipment Works Praha, TESLA-ES Roznov, and TESLA-MLP Brno. Some principles of the restructuring of the economic mechanism were verified in these organizations, primarily the new forms relating to foreign trade, increased independence, responsibility for effective development, for satisfying the needs of society, self-financing, giving a stake to the workers in the results of the work of collectives, etc. The experiments are to show the possibility of further increasing the dynamics

of production in contrast to other, nonexperimenting organizations. The selection was done on the basis of whether the organization will be able to continue developing under self-financing.

According to the plan, 40.4 percent of all workers of the department worked in the experimenting organizations last year. Their output represents 33.7 percent of total production, their share of export to socialist countries in f.o.b. prices was 41.9 percent, to nonsocialist countries 36.9 percent, in deliveries of consumer goods in retail prices 11.4 percent, in adjusted value added 37.5 percent, and in profit 37.7 percent.

The results must be rated positive from the standpoint of the achieved dynamic, which in most indicators were higher than in the nonexperimenting organizations. For example, in consumer goods production it was higher by 1.5 point, in export to socialist countries by 2.7 points, and in profit by 1.6 point. At the same time, these data do not include only the results of the introduction of the experiment, but they contain a number of other objective influences of the market forces, inadequate filling of orders, structural changes, etc. This became evident particularly in the fulfillment of the plan for deliveries for export to nonsocialist countries, for example, in ZTS Martin, Agrozet Brno and TST Praha. In several of the experimenting organizations these objective influences had to be taken into account in the yearly evaluation.

Balance in the financial management indicators was further influenced by the lack of clarity of the rules for applying the experiment even before it was introduced, so that gradually further modifications were made, be it in the sphere of foreign trade, wages, or financing repairs. That led to a situation where the experiment was carried out in some spheres in different ways, the same criteria did not apply, so that not even from this viewpoint can the results of the experimenting organizations be unequivocally evaluated and compared.

Applying the rules of the Comprehensive Experiment made more room available particularly in planning. The reduction of the number of the mandatory and the changes of the other planned indicators to directional were used by the overwhelming majority of organizations to create a plan according to their own entrepreneurial objectives. In using this new form, they took as their starting point the new elements of economic management and they aimed above all at economic motivation.

In practice this resulted in different ideas about establishing volume and qualitative indicators, so that differences occurred between the specifications in the plan of the Ministry and the plans of the experimenting enterprises. For example, the specifications of the state plan expected the 1988 profit to be Kcs 3.5 billion higher than what the experimenting organizations assumed. At the same time, in creating the plan the enterprises are aware

that they are obliged—as the direct subject in relation to the state budget—to meet also the determined supplemental payments from profit.

The meeting of national needs by the experimenting organizations in comparison with previous years has improved in some of the items being assessed. That is true, for example, of fireproof building material modules, magnesite for steelmaking and brickmaking, tractors UR I and LKT. On the other hand, shortages still exist in tractors UR II, small tractors, and some other product selections. Modifications of the plan for deliveries of consumer goods are inadvisable, because they intensify the disproportions in the range of goods. That pertains to Agrozet Brno, TST Praha, and Tesla Liberec.

Verification of the elements of the Comprehensive Experiment in foreign trade has not shown any significant changes in the results of the enterprises, because the necessary conditions were not created for greater activity by the organizations, for incorporating them in a more significant way into foreign trade. Although considerable time has elapsed since the experiment was initiated, there still has been no success in resolving the pertinent problems of the foreign exchange norm and particularly in dealing with the systemic questions of its own making. The existing differentiated norm at the level of accounts receivable, without a foreign exchange market, could not become either a contribution or a motivation for the enterprises. Thus it was not yet possible to verify the principles of foreign currency self-financing. The question of bringing together and interlinking organizations into foreign trade becomes urgent, because self-financing will be dependent not only on the volume of export achieved, but in a decisive way also on the soundness of the business transactions according to the criteria of foreign exchange and payments.

The experiences in managing the financial area show a positive increase in the independence of the decision-making process under *khozraschet*. A serious shortcoming remains, however, in that this process is directed to benefit the enterprise itself and disregards national needs and objectives, and sometimes even the future development of the organization.

The process of changing the management of the experimenting organizations to the use of the new principles of management is proceeding more slowly than expected. There are signs of efforts to modify the plan from the center instead of taking steps to rectify the disequilibrium. Whereas on one hand the volume of produced income has been declining and financial resources for covering planned needs were weakening, on the other hand the volume of inventories has been growing and insolvency and penalties for poor quality production have been increasing.

It is becoming obvious that in order for an enterprise to perform its function, a timely, material, and program preparation for increasing its efficiency and ability to

self-finance is essential, and has to be combined with a matching technical-economic level of the products and their ability to compete in demanding markets, with the use of modern management techniques and with entrepreneurial activities linked to the human factor.

Despite the impact of some objective influences and the need to often cooperate with partners who are still following the “old” rules, the experimenting organizations of the department were successful not only in increasing the dynamics of growth, but also in verifying in practice the problems of increased independence, responsibility for efficient development, *khozraschet*, and self-financing.

On the other hand, some of the negative observations should be kept in mind in the future restructuring of organizational structures and in updating laws and regulations. This concerns, for example, the undesirable tendencies to achieve maximum profit, and creating assets by unsubstantiated price increases or by cutting the volume of deliveries for the domestic market in an effort to export attractive merchandise.

In spite of all the difficulties, however, it was proven that life under the conditions of the experiment gives more room for decisionmaking by organizations and increases their interest in better management.

Bureaucracy Said Hampering Computer Production

24000139a Prague HOSPODARSKE NOVINY in Czech No 18, 1989 p 7

[Article by Eng Zdenek Smely, chairman of the Research and Production Association for Microelectronics: “The Warm-Up Cycle”]

[Text] Workers at one of the most remarkable scientific and production associations sometimes felt almost too much heat during of the 1 and ½ year warm-up cycle in the race against time. The “unruly child” of Czechoslovak microelectronics became a temporary orphan shortly after birth, it had to overcome a pathological state of undernourishment and consequences of child neglect. Personal credit for the fact that after an intensive home therapy it has once again raised its head and resumed pursuing its objective, belongs also to the author of the article—leading secretary of the Czech Council of the Czechoslovak Scientific and Technical Society—and his coworkers. Following this year’s meeting of the Association’s council members, we asked the author: How is your Association fulfilling its original objectives and planned goals?

The very formulation of the question shows how deep-rooted the stereotype of the activities of the existing scientific and production associations has become. Until now, as a rule, in order to put into production concrete results of scientific research one or more producers, research organizations, and several suppliers joined

forces. The joint effort was then directed toward putting the new idea to use. The legal norms, too, were adapted to such a form of activity, for example, decree SKVTIR No 15/1984, Laws of the Czechoslovak Socialist Republic, on scientific and production associations. To set a goal and work toward its attainment in such cases usually is sufficient to establish the viability and usefulness of a given production association.

But the Scientific and Production Association for Microelectronics is made of different stuff, and to tell the truth, even at its inception it felt too restricted by the existing rules. The Association for Microelectronics was not created to introduce individual results of research into practice, but—figuratively speaking—it has the function of a river bed which guides the course of the water flow. At times the water may be clear, another time murky, sometimes there is little of it, sometimes a lot...

We are interested in a substantially bigger picture, in an overall acceleration of the development of some areas of electronics in our country. Specifically—in the acceleration of production and application of both the hardware and software for personal computers, also in starting the production of some new types of consumer electronics (without intending to compete with the production programs of the electrical engineering industry), and also in developing modules—processors for technical use.

Why at All?

Why did the need to speed up the development of Czechoslovak electronics in a nontraditional way ever arise? Analyses show that the former Ministry of Electrical Engineering obviously bit off more than it could chew when it tried, mostly on its own, to substitute to a certain extent for the world developments in electronics. Despite a great effort and considerable resources spent on development from the basic research to production, the Czechoslovak electronics industry not only was unable to keep up with innovations in the rest of the world, but we did not even achieve the necessary—and in countries of our size usual—level of international division of labor.

Our “moderate progress within the limits of the law”—as Hasek would put it—secured for us, against the background of a rapid increase in labor productivity and quality in all the world production, a place on the periphery of R&D in electronics. Particularly pronounced was—and is—the lag in the area of personal computers, which in some of the top countries brought about a truly revolutionary growth in the efficiency of creative technical work and as a result also growth in the efficiency of manual labor.

The establishment of the Research and Production Association for Microelectronics in November 1987 was based on resolution No 254/1987 of the CSR Government, the initiative of the Gottwaldov and Southern Moravia party organization for the development of

microelectronics, and also on analyses of the former CKVTIR [as published]. From almost 120 enterprises, agricultural and production cooperatives, workplaces in institutions of higher learning, institutes of the Czechoslovak Academy of Sciences, as well as other partners was formed a group more reminiscent of a consortium than the usual research and production association.

The scientific and technical, as well as the production potential of the members of the association is, of course, very unevenly spread out. Whereas one group of partners has a solid production, instrument, and cadre equipment, the other works only with modest means, much endeavor, determination, even much cheering on. I do not want to stray from the original question, but the setting of goals and above all fulfilling them cannot be separated from a thus far short, but nevertheless very complicated, history of the association.

And So: Out of What?

One of the first sequential goals which were formulated was: manufacture 214,000 personal computers (8 and 16 bytes) by the end of 1990. In no way could it be expected that all the components for these computers, including the necessary peripherals, service, and software could be obtained in the CSSR. Nor was import from only the socialist countries a universal solution, primarily for reasons of capacity. And the reliability of domestic parts is not always of the required level.

Of course, the first invisible rival with whom we had to contend was the opinion that the association will take away parts and components from the enterprises of the “major” electronics industry, and thus restrict the development of its production of microcomputers. In reality, the federal department of electrotechnics planned, and that only internally, the production of 36,000 microcomputers, which was not even officially confirmed. Only after we made public our plan to manufacture 214,000 personal computers by 1990, did we hear on the Day of Computers in November 1987 the number 170,000 personal computers, which were to be supplied by this department by 1990.

The fulfillment of these two tasks would mean a very solid contribution—350,000 to as much as 400,000 microcomputers, that is, one fourth of the number we would need to reach the top world standard. When we consider the tremendous work connected with educating cadres for a symbiosis with computer technology, with changing the psychology of many people, then the achievement of this goal would solve a great many things.

It also happened that in 1987 associated production in the organizations of the department of the CSR Ministry of Agriculture and Food produced Kcs 520 million worth of components for the enterprises of the department of

electrical engineering (with very low overhead). The increased need for some components for the programs of our association will be compensated by increasing their production.

The main source of parts, components, but also production facilities for microcomputers was from the beginning, of course, foreign trade. Waivers and permits for engaging in foreign trade activities, made available to member enterprises of the association, would ensure a rapid and promising growth of computer production. Production was centered in the unified agricultural cooperative AK Slusovice and in the plant Didaktik Skalice. We had no doubt that our program was achievable.

For 1988, for example, there was an agreement to supply school computers for the department of the CSR Ministry of Education (up to 50,000 units), in the form of complete classrooms, where one teaching computer (usually 16 byte) controls and directs up to 20 students' computers. We even had construction deliveries of entire classrooms ready, to be built as extensions. I can reveal that this action, which was to ensure full computerization of all high schools and institutions of higher learning (those would be equipped with 16 byte computers) even had a name—Amos—to commemorate the anniversary of the teacher of nations. The schoolrooms were designed at such a high technical level that even in the advanced industrial countries similar ones are not available.

But—following a change of ministers in the Federal Ministry of Foreign Trade there was an unexpected turn-around—cancellation of our waivers for foreign trade and a strict application of the centralized economic coordination authority for the import of components from abroad by previously commissioned enterprises. Under the pretext of concern for the profitability of foreign trade operations and a single base for the imported parts, components, and complete computer units, what actually happened was that any realistic chances for fulfilling our program were destroyed. To arrange for the import of the simplest kind turned into a bureaucratic nightmare, during which, without regard to the losses, weeks and months went by while we stood still. I am not going to describe all that can be done against common sense when at stake is the liquidation of "elements" which erode the monopoly of this or that organization or enterprise.

The result was, that although in the record time of 6 months there were four production halls come to life for the assembling and testing of microcomputers, instead of the roughly 50,000 computers only about 5,000 were manufactured in Slusovice and in Didaktik 7,000 small computers for home use.

What next? Although we succeeded in building the production capacities, it took a whole year to literally fight for the right to engage in foreign trade. Even by this

February, when we were granted permission to do so (dated in December), we were still not given an account number. Was that by chance? I doubt it.

And to wrap it up I should add that in the third area of our activity, which involves technological control modules as well as software, we are practically at the beginning. We have a lot of plans in all three spheres of our objectives, but I consider it premature to talk about them.

Can It Be Done?

After CKVTIR [as published] was dissolved, the legal standing of our association became somewhat unclear and its operation was threatened. At present, with significant help from the highest party agencies, the Czech Council of the Czechoslovak Scientific and Technical Society, as a component of the CSR National Front, took us under its wing. The executive apparatus of the Research and Production Association for Microelectronics of 7 workers is not yet complete and the last formalities are still being negotiated, but from the beginning of this March until 1 March 1990 we can work on an experimental management basis under the umbrella of the Czechoslovak Scientific and Technical Society. Then we shall see.

There is so much to do, we do not know which way to jump first. The interest shown by our members, as well as the public, young people especially, in the future of the association, and the interest of some foreign enterprises and organizations in cooperation and establishing of contacts is exceptionally high. The executive apparatus is preparing the foundation for the work of the sections of the association's council; to the production, research and microchip sections will be added a section for software. We consider our number one task to be the creation of operational and on-line databases of the production programs of member organizations, of the needs and offerings of production and technical capacities, on new results in science and production in the world and here at home.

It is essential to find suitable financial resources for ensuring the scientific research development of member enterprises and organizations; conceptual and forecasting work also needs to be attended to, as well as marketing. Cooperation with foreign partners—that is almost terra incognita (unknown territory) when it comes to legal norms and regulations, which have evinced sharp growth, particularly in socialist countries. The reaction to our initiative in this area is occasionally unexpected in character: What do you need it for?

There is a considerable polarization of opinion around us, which is quite typical of attitudes toward restructuring—some consider our initiative and entrepreneurship inadequate, others unacceptably strong. Inertia, unfortunately, predominates, and comments on the order of: Why should electronics be supported by what is in fact a

social organization, when we have production departments for that purpose?—ring in our ears very often. But in my opinion, the Czechoslovak Scientific and Technical Society provides a particularly excellent milieu. This organization has higher dynamic than the departments, and it is also easier for us to protect the interests of the consumers from here. Life will show who is right.

Membership in the association will have to bring benefits to the enterprises, cooperatives, scientific research and other organizations, to which they will be particularly sensitive now when they share by a small, but nevertheless concrete, financial contribution in the operations of the association. This membership also means a certain curtailment of ownership rights of individual member organizations which are legal entities. Economic links among them are formed on the basis of the economic code, but in coordinating production, research, or marketing programs they also must to a lesser or higher degree consider the interests of the others. In a nutshell, they must occasionally make accommodations in the interest of the whole—after all, that logically brings more advantages than problems.

The Scientific and Production Association for Microelectronics does not intend to be self-contained, it will of course cooperate with anyone who is serious about the development of our electronics. The basic issue is a change in thinking, a struggle with the inertia of thought and rules.

Quite recently an article appeared in RUDE PRAVO critical of our activities, signed by Eng J. Katscher, to which the leadership of the Scientific and Production Association reacted immediately. It is symptomatic, however, that the author criticized the nonfulfillment of the plan for the manufacture of microcomputers and their peripherals, although in question was not a plan at all but an objective which had and has an entrepreneurial character. Had a plan been involved, it would have meant the existence of planned resources, binding subdeliveries, foreign currency allotment, etc. Other than the allowed (and then disallowed) exceptions for foreign trade as a source of unplanned foreign currency, other than the realistic calculation of putting capacities that were being built into operation, etc., the association and its member organizations had none of the requisites which make us think of the plan as terminus technicus.

The main thing which led to the distressing shortfall in the production of microcomputers was that we underestimated the strength of the bureaucratic procedures and departmental interests of a number of agencies and organizations as well as of their individual employees. The resourcefulness of the inert, antirestructuring forces when it comes to searching for escapes from responsibility, from honest procedures, from taking action, is almost endless; but we also were sufficiently persevering and we do not intend to give up our conviction that things will move.

HUNGARY

Cabinet Pressured; Heviz Saved, Decisions Reversed

Thousands Demonstrate To Save Heviz
25000238 Budapest NEPSZAVA in Hungarian
18 Apr 89 p 5

[Text] Several thousand persons protested early Monday [17 Apr] evening in Heviz to save the therapeutic lake. The peaceful demonstration initiated by the local council and organized jointly with the Keszthely chapter of the Hungarian Democratic Front [MDF] involved not only residents and visitors, but also several persons from surrounding settlements and even people from Budapest joined the protest.

Protesters gathered at the winter entrance of the lake resort demanded an immediate, firm and clear-cut cabinet decision to stop the removal of cavern water.

Bauxite Miners Urge Action
25000238 Budapest NEPSZAVA in Hungarian
19 Apr 89 p 7

[Text] At its Tuesday's [18 Apr] extraordinary meeting the Bakony Bauxite Mine trade union committee adopted a position affirmed by the workers at meetings held during the noon changing of shifts. The union committee's position is forwarded as an open letter to prime minister Miklos Nemeth, National Council of Trade Unions [SZOT] executive secretary Sandor Nagy, Mine Workers Union executive secretary Laszlo Kovacs, KISZ CC [Hungarian Communist Youth League Central Committee] first secretary Imre Nagy, MSZMP [Hungarian Socialist Worker's Party] Zala County committee first secretary Dr Ferenc Karvalits, Veszprem County Council chairman Janos Istvan, and to Zala County council chairman Dr Laszlo Varga. Following is the text of the open letter:

"In the past several official organizations and associations published position statements and announcements concerning the 'Nyirad-Heviz' issue which directly affects our enterprise. These statement and announcements disregarded the findings and facts established by the expert committee convened to provide a professional analysis of the issue."

"Materials and statements stressing perceived half truths try to influence through political means members of the Council of Ministers in their decision, as well as public sentiments. See, e.g., a National Assembly representative and a large municipal council threatens to file a no confidence motion in Parliament prior to the Council of Ministers' decision, unless the functioning of the water protection system related to bauxite mining is not stopped or prohibited instantly. Similarly, we view the demonstration of 17 April as a political demonstration, and not as an environmental protest, (see, e.g., the slogans used in the course of demonstration). The Hungarian Aluminum

Industry trust and our enterprise briefed its workers daily concerning the existing and expected situation, thus ensuring a work environment and worker attitude appropriate for production."

"We are familiar with the materials contained in the ministry proposal that was the subject of the 10 April mediation and negotiation between the ministries, and which is based on expert opinion. We are familiar and agree with the intent of this material. It examines only those alternatives which do not take into consideration the further endangerment and deterioration of Lake Heviz. It deals with the ideas and resolution of measures which would immediately increase the lake's water resources and would permit an opportunity to explore within a short period of time the values already invested in bauxite mining."

"It is precisely for these reasons that we do not agree with those who in the absence of appropriate knowledge demand the immediate discontinuation of water elevation at Nyirad, which serves mining purposes."

"We find it necessary, and agree that in regard to this significant environmental and economic issue the Council of Ministers render its decision on the basis of expert opinion and not on grounds of political considerations, and that it accept the consequences of its decision in a responsible manner. We will take note of the decision even if it is unfavorable from our viewpoint, but on behalf of our workers we have a right to demand that the government provide guarantees regarding the resolution of employment, financial, and social problems that come about in the area as a result of the decision."

"We do not intend to underscore the publication of our position with demonstrations, work stoppages, etc., although the possibility of such action is raised daily by our workers. We believe that the most effective means of agitation today is to work successfully. Just as an indication, however, we wish to convey the idea that a 1-hour work stoppage at our enterprise costs the people's economy 1 million forints worth of production."

"We expect the Council of Ministers to render its decision by weighing the interests of the people's economy as well as environmental interests. We are confident that the decisionmakers will understand our concerns, and that they will formulate their positions along realistic lines."

"[Signed:] the enterprise trade union council on behalf of the Bakony Bauxite Mine workers."

Bauxite Mine To Be Shut Down

25000238 Budapest NEPSZAVA in Hungarian
21 Apr 89 p 1

[Excerpt] At its Thursday [20 Apr] session the Council of Ministers heard a proposal concerning the effects of bauxite mining in Nyirad on Lake Heviz and decided that mining must be discontinued without delay and that within a year at the latest, the mine must be shut down. [Passage omitted]

Cabinet Yields to Public Pressures

25000238 Budapest NEPSZAVA in Hungarian
21 Apr 89 p 5

[Unattributed report on the Council of Ministers' press conference: "In Response to a Firm Stand by Trade Unions and to Public Outrage...The Cabinet Revoked Many of Its Bad Decisions...Bauxite Mining Will Stop Near Heviz; There Will Be No Toll Roads; Energy Price Hike, Increased Water and Sewage Fees Postponed"]

[Text] The Council of Ministers was still in session when spokesman Gyorgy Marosan's international press conference began in Parliament. Reporting on the meeting Marosan told journalists that a decision was reached concerning the long protracted case of Heviz versus bauxite. The Council of Ministers decided that by 30 June 1990 at the latest the Nyirad bauxite mine must be shut down.

The cabinet reviewed its earlier decisions concerning the introduction of toll roads. This decision is reversed even before it goes into effect. At the same time, however, the Council of Ministers directed members of the cabinet having jurisdiction over public roads to develop a proposal in consultation with appropriate interests for the establishment of financial resources in a socially acceptable manner for the maintenance and development of public roads, to replace revenues that would have been created through tolls, but which nevertheless proved to be an inappropriate method for raising revenues.

The cabinet discussed two other issues which directly affect the population. One of these pertains to the planned increase in the price of household energy resources. According to this year's plan, an energy price increase was scheduled for early May, tied to a 100 forint compensation in regard to certain groups of society. According to the cabinet's new decision, the price increases announced earlier will be postponed, pending negotiations with the Council of Trade Unions [SZOT]. Consistent with this decision, the measure providing a 100 forint compensation will not go into effect either.

Today's session also dealt with the problem of increasing water and sewage charges. Following intensive debate the Council of Ministers decided that it will raise also this issue in its negotiations with SZOT as part of a package plan. Relating to this, the Council of Ministers has established the cabinet's view of the latest position statement advanced by the SZOT presidium. In this regard the spokesman made clear that the deterioration of both the external and internal financial situation during the first quarter makes it necessary for the Council of Ministers to introduce extraordinary measures. The cabinet finds it necessary to enter into unscheduled extraordinary negotiations with SZOT, in addition to other forums which mediate interests. The Council of Ministers intends to combine justified pricing and compensation measures in putting such measures into effect. Since SZOT is seeking an opportunity for agreement regarding compensation, the cabinet is prepared to enforce the planned as well as the already decided pricing measures only after negotiations with SZOT. At the same time the Council of Ministers believes that further conditions must be established for

negotiations based on confidence, which is an indispensable part of the constructive and substantive cooperation that exists with trade unions.

The cabinet expressed its hope that in the undoubtedly grave economic and political situation there will remain an opportunity to consult with trade unions, and to reach agreements which mature in the course of debate and which are based on compromise. This is indispensable in the interest of preserving social stability. The spokesman informed journalists also of the fact that the Council of Ministers has requested the Minister of Interior to transfer documents related to criminal proceedings against Imre Nagy and his associates to the supreme state prosecutor for him to examine the legality of the proceedings and of the sentences. In addition, the cabinet requested the Minister of Justice to accelerate work on the Criminal Code of Laws with respect to reviewing provisions related to crimes against the state. The Minister of Justice must make a recommendation concerning possible changes in the Criminal Code of Laws concerning these matters, including the abolition of the death sentence relative to such crimes.

In response to a question by MTI the spokesman said that at the invitation of Polish prime minister Rakowski, Miklos Nemet will pay a one day visit to Warsaw on 15 May.

Journalists asked questions not related to subjects on the agenda of the Council of Ministers session. For example: the MAGYAR HIRLAP reporter asked whether it was true that Law No 1 of 1953 enshrining the memory of Stalin will be revoked. He also made reference to the fact that several laws in force are ripe for revocation. Does the review of the law which enshrines Stalin's memory signal the beginning of a trend? The spokesman confirmed the report and added that he would not be able to report on the outcome of the review. Indeed, a process has begun, and as a result several actions have taken place already.

A question which also involves the spokesman personally was raised by the NBN radio and television reporter assigned to Hungary. He made reference to a footnote to a NEPSZABADSAG article recalling Marosan. According to the article the politician—the spokesman's father—was let out of prison in 1956 while Imre Nagy was prime minister. The reporter asked whether the timing was intentional or if the events should be treated in the full context of the circumstances. In response to the question the spokesman showed surprise, because, according to his recollection, in March 1956 [when his father was let out of prison] Andras Hegedus was the prime minister. Relative to the rehabilitation of Imre Nagy the same reporter reminded the spokesman of Karoly Grosz' visit to the United States. At that time the then prime minister and party general secretary did not see a likelihood for rehabilitation. Specifically, the question focused on events that changed the situation in Hungary since Grosz' visit to the United States. This question should not be asked from the cabinet spokesman, but from the person who made that statement, Marosan replied.

In response to a question from the Hungarian Radio representative whether the directive received by the minister of the interior to hand over the documentation of court proceedings related to Imre Nagy should be interpreted as the beginning of a rehabilitation process, the spokesman expressed his view that one may talk about the beginning of legal rehabilitation. This, however, was only his personal view, and that in this regard specific investigations must be conducted by attorneys.

Once again, the final question was raised by television. The reporter probed the fact that in the course of the past few weeks the cabinet was forced to change a series of its previous decisions. This is how he put it: "What program does the cabinet have?" In response Marosan stated that the cabinet is following the path of evolution. But since the situation has significantly changed, it became necessary to prepare a new program, and this program will be presented to Parliament in the near future.

POLAND

International Trade Center Planned for Kielce 26000538

[Editorial Report] Wojciech Markiewicz, in an article titled "So What, That It's In Kielce?" in Warsaw POLITYKA No 22 of 3 June 1989 on page 10 in Polish, reports that EXBUD, the Technical Services Export Enterprise, plans to develop a fully computerized, 14-story international trade center in Kielce, complete with exhibition halls, a hotel, restaurants, and with satellite communications availability. Work began in October 1987 and the opening is scheduled for 30 June 1990. EXBUD plans to use this center as a model of energy efficiency, of modern Polish construction technology, and as a showcase for Polish furniture construction. EXBUD received a "credit" of 650 million zloty from the Technical Progress Fund to assist with construction costs.

The author makes considerable note of the new center's energy efficiency and construction technique. Building materials will include EXBUD's patented bricks—which claim an insulating property twice the norm—and 3-pane windows of wood-aluminum construction which have reduced levels of heat, cold, and noise penetration. The center will also boast Poland's first "natural air conditioning" system—without freon, based on research by scientists from the Wroclaw Polytechnic on thermal exchange properties.

The article boasts of the "world-class" level of services to be offered: hotel rooms will have individual computer hook-ups; a 400-seat auditorium with 4-language simultaneous translation capabilities; and printshop. The center intends to import a central computer system to provide a data bank on socialist bloc market matters. The POL-PAK system will provide communications with the largest information banks in the world, including the New York Stock Exchange.

The article states that potential clients include the Japanese firms Hitachi and Sony. The director of construction—who will later be the chief of the center—is identified as engineer Adam Rozwadowski. Candidates are already being interviewed for the anticipated 600 personnel slots.

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